

Group Policy



Risk Management

1.0 Intent

- 1.1 Air New Zealand operates in a complex environment which cannot be devoid of Risk. We are committed to systematically managing our Risks and meeting our legal, regulatory and governance obligations, while operating sustainably as a commercial airline. We will achieve this by embedding Risk Management into our processes and culture to help make informed decisions for the benefit of the Company and its stakeholders.
- 1.2 The primary purpose of this Policy is to promote a consistent Risk Management Process enterprise-wide, and to ensure that all risks that could jeopardise the achievement of our objectives are managed to an acceptable level. It is designed to:
- Promote and embed a consistent Risk Management Process enterprise wide which includes a common language and methodology for identifying, assessing, treating, monitoring and reviewing Risks;
 - Promote a Risk-aware culture where all employees understand, report and proactively manage Risk through sound decision-making;
 - Establish and assign clear responsibilities for Risk Management;
 - Establish a process for providing assurance to the Board that material Risks affecting the Company have been identified and are continually monitored and managed to an acceptable level; and
 - Meet best practice standards for risk management and governance.
- 1.3 This Policy is consistent with principles set out in the AS/NZS ISO 31000-2009 Standard, the relevant requirements of CAA and IATA (IOSA), the ICAO recommendations, as well as relevant health and safety legislation. It should be read and applied in conjunction with the Risk

Management Standard which sets out detailed requirements to support its implementation, and other relevant Group policies.

2.0 Scope

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

3.0 Policy Requirements

3.1 Air New Zealand's Risk Management Process will be applied in accordance with the following principles:

- a) **Risk Management is an integral part of Air New Zealand's processes.** Risk Management is integral to how we do business at Air New Zealand, and is a key input for strategic and business planning, decision making and day-to-day operational activities. Each business unit is expected to identify, assess, treat, monitor and review their risks as part of the business rhythm.
- b) **Risk management is dynamic, iterative and responsive to change:** Risk Management is a continuous process. Key Risks will be formally monitored, reviewed and reported on a regular basis to consider and respond to changes in the internal and external context. Key Risks must also be identified, assessed, treated and documented for all major change initiatives and projects (e.g. new routes).
- c) **Risk management is systematic, structured and timely:** The Risk Management Process will be applied in accordance with the minimum requirements outlined in the Risk Management Standard. Risk identification will include a consideration of all types of Risk (i.e. strategic, operational, safety, financial and compliance risks). Risks rated as 'High' identified outside the review cycle, or that may be outside of the Company's Risk Appetite must be escalated to the appropriate level immediately.
- d) **Risk Management is transparent and inclusive:** Management must take all appropriate measures to safeguard the quality and integrity of the Risk Management Process. This includes engaging all relevant stakeholders/functions, both internal and external where appropriate to contribute to risk discussions.
- e) **Risk management is part of decision making:** Managers are responsible for understanding, prioritising and managing the risks for their area of responsibility to a

level that is reasonably practicable and acceptable¹ to ensure that Air New Zealand can achieve its objectives.

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

3.2 A Group Risk Profile representing the Key Risks for the Group will be presented to the Audit Committee and the Board on a six-monthly basis by the GM Governance, Risk and Compliance.

3.3 Business continuity and emergency management processes may comprise an important element of risk mitigation planning and must be appropriately considered during the review of business unit Risks. Refer to the Business Continuity Policy.

4.0 Definitions

Risk: Risk² is the effect of uncertainty on objectives.

Key Risk: A Key Risk is a risk of a material nature, generally rated "Medium" or higher which has the potential to significantly impact the objectives of a business unit, and therefore requires prioritisation by management.

Risk Management: Risk management is a planned and systematic approach to the identification, evaluation and control of risks which may threaten the achievement of the objectives of the Company.

Risk Register: A documented record, via a defined template, of each risk identified. It includes a description of risks, controls, risk level and treatment plans.

Risk Management Process: The systematic application of policies, procedures and practices to the tasks of establishing the context, identifying, analysing, evaluating, communicating, treating and monitoring risk.

5.0 Roles and Responsibilities

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

¹ As defined in Air New Zealand's Risk Appetite Statement (under development).

² Adopted from the AS/NZS ISO 31000-2009 Risk Management Standard

CEO and Executive Team: Responsible for implementing the Enterprise Risk Management programme, by making available the appropriate resources and processes, and ensuring compliance across their areas of responsibility.

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

Employees: All Air New Zealand employees have a responsibility to report any identified risk and be risk aware in the performance of their activities.

Project Sponsors: Responsible for ensuring that Project Managers have adequately identified and assessed all risks associated with their projects, and that appropriate mitigations are in place.

Governance, Risk and Compliance (“GRC”): The GRC function is accountable for developing, maintaining and facilitating implementation of Air New Zealand’s Risk Management Strategy, Policy and Framework, including tools, methodology and training. GRC is also responsible for preparing the Group Risk Profile for Board approval and reporting to the Audit Committee on the effectiveness of the implementation of the Risk Management Framework.

Internal Audit: Responsible for independently reviewing the effectiveness of Air New Zealand’s Risk Management Policy implementation and independently assessing the effectiveness of internal controls for managing risk.

Chief Operations Integrity and Standards Officer: Responsible for safety performance monitoring and reporting on Group-wide operational safety and security risks as well as providing assurance that the safety system is working effectively.

Chief Air Operations and Safety Officer: Responsible for ensuring compliance with relevant Health and Safety legislation.

6.0 Compliance

- 6.1 Breach of this Policy may lead to disciplinary action, up to and including dismissal (or termination of existing contractual arrangements for contractors or other agents). In some circumstances, a breach of Policy may result in civil or criminal liability
- 6.2 **SPEAK UP** – Any known violations of this Policy may be notified to a Manager, HR Business Partner or confidentially through the Speak Up Reporting Line.

7.0 Related Documents

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

8.0 Governance and Maintenance

8.1 Policy Location

This Policy is published under the Policy Library on Korunet.

8.2 Review Timetable

This is a Board policy that will be formally reviewed on an annual basis by the Policy Management Committee and presented to the Audit Committee and the Board.

8.3 Contact

For queries in relation to this Policy, please contact GM Governance, Risk and Compliance or Policy@airnz.co.nz

9.0 Approval

Issue	Owner	Approved by	Date
2.0	Chief Financial Officer	Policy Management Committee	August 2017