

CORPORATE GOVERNANCE STATEMENT

The Board of Air New Zealand considers strong corporate governance to be a critical component of the overall performance of the Company, and a contributor to superior performance and achieving best outcomes for its shareholders, customers, employees and the wider community. Consistent with this philosophy, policies and processes are in place to establish, shape and maintain appropriate governance standards and behaviours throughout the Company.

The Board has had regard to a number of corporate governance statements, including the Institute of Directors' Code of Practice and the New Zealand Corporate Governance Forum's Guidelines. While Air New Zealand no longer has a requirement to report against the ASX's Corporate Governance Principles and Recommendations, these continue to inform the Board's approach to governance. The NZX Listing Rules require the Company to report against the NZX Corporate Governance Code.

Air New Zealand transitioned to the new NZX Listing Rules on 1 July 2019.

This Corporate Governance Statement follows the structure of the NZX Corporate Governance Code and addresses its Recommendations. The Board considers its governance practices to be consistent with the Code's Principles.

This Corporate Governance Statement was approved by the Board on 21 August 2019 and is current as at that date.

Code of Ethical Behaviour

"Directors should set high standards of ethical behaviour, model this behaviour and hold management accountable for these standards being followed throughout the organisation."

Air New Zealand is committed to the highest standards of social and environmental responsibility and ethical conduct. This is good for our customers, our shareholders, our wider community and our Company. The Board acknowledges it (as a whole), and each director individually, has a role to play in guiding and modelling the high ethical standards that we want to pervade the whole organisation. It is recognised that codification of ethical principles, whether in a Code of Conduct, policies or elsewhere, is only a baseline, and tools like the brand values, strategic pillars, and leadership behaviours help to create an ingrained ethical culture.

Code of Conduct

Air New Zealand has a well-established Code of Conduct, as a statement of our guiding principles of ethical and legal conduct. The Code of Conduct applies to everyone working at or for Air New Zealand – directors, executives, employees, contractors and agents.

The Code of Conduct forms part of the induction process for all new employees, and is available online. Employees must provide acknowledgement that they have read and understood the content both when joining and on an annual basis.

The Code of Conduct is high-level in nature, and provides clear guidance, supported by practical examples, across a range of ethical and legal matters, including:

- Health, safety and well-being
- People, diversity and inclusion
- Airline security and business disruption management
- Gifts and entertainment
- External communications
- Use of business resources
- Personal information and privacy
- Sustainability and sponsorship
- Conflicts of interest
- Inducements and bribes
- Continuous disclosure
- Insider trading

Mechanisms are provided for the safe reporting of breaches of the Code or other policies or laws, and the consequences of non-compliance are made explicit.

Related Documents

The Code of Conduct is supplemented by a number of other documents, including the Board Charter and specific policies on key matters. Collectively, these documents address all the matters specified in the NZX Corporate Governance Code.

In addition to the high-level guidance in the Code of Conduct, specific policies provide a further layer of management, particularly in more technical areas. For example, Air New Zealand has a Securities Trading Policy which identifies behaviours that are illegal, unacceptable or risky in relation to dealings in Air New Zealand's securities by directors, employees or their associated persons. Without taking away ultimate responsibility of the individuals for their trading activities, the policy provides a framework that reduces the potential for insider trading. Training is provided to staff on this policy, and no material policy breaches have been reported during the 2019 reporting period.

The ethical approach adopted within the Group is complemented by a Supplier Code of Conduct, outlining the minimum standards and expectations applicable to all suppliers of goods and services to Air New Zealand. The Supplier Code addresses labour and human rights, health and safety, environmental sustainability, ethical business, security, information security, risk management and commercial sustainability.

Initiatives and metrics on a range of sustainability matters relating to social, environmental and economic factors are reported in Air New Zealand's Sustainability Report.



CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Air New Zealand makes these documents, and other significant governance documents tabulated below, available on its website.

Constitution/Charters	Policies
<ul style="list-style-type: none"> • Constitution • Board Charter • Audit Committee Charter • Funding Committee Charter • Health, Safety and Security Committee Charter • People Remuneration and Diversity Committee Charter 	<ul style="list-style-type: none"> • Anti-bribery and corruption policy • Audit independence policy • Continuous disclosure policy • Distribution policy • Equality, diversity and inclusion policy • Risk management policy • Securities trading policy
Codes of Conduct	Other Documents
<ul style="list-style-type: none"> • Employee Code of Conduct • Supplier Code of Conduct 	<ul style="list-style-type: none"> • Sustainability Report • Palm oil position statement • Slavery and human trafficking statement

Board Composition and Performance

“To ensure an effective Board, there should be a balance of independence, skills, knowledge, experience and perspectives.”

Responsibilities of the Board

The Board has responsibility for taking appropriate steps to protect and enhance the value of the assets of Air New Zealand in the best interests of the Company and its shareholders.

The Board has adopted a formal Board Charter detailing its authority, responsibilities, membership and operation which is published on Air New Zealand’s website.

Management Delegation

The business and affairs of Air New Zealand are managed under the direction of the Board. The Board is responsible for guiding the corporate strategy and direction of Air New Zealand and has overall responsibility for decision making. The Board delegates to the Chief Executive Officer responsibility for implementing the Board’s strategy and for managing the operations of Air New Zealand. The Chief Executive Officer in turn sub-delegates authority to the Chief Financial Officer, the Executive management team and senior management. These delegated authorisation levels are subject to Board approval, internal and external audit.

Chairman

Tony Carter has been Chairman of Air New Zealand since 27 September 2013. Jan Dawson was appointed Deputy Chairman on 27 September 2013. The Chairman’s role includes ensuring the Board is well informed and effective, acting as the link between the Board and the Chief Executive Officer and ensuring effective communication with shareholders.

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

Tony Carter will be resigning as Chairman after the 2019 Annual Shareholder Meeting. Dame Therese Walsh has been elected by the Board to succeed him.

Company Secretary

The General Counsel and Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board.

Director Independence

The Board has identified criteria in its Charter, against which it evaluates the independence of directors. 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 and the Board reconfirms the independence status of its members annually.

Board Cadence

7	physical Board meetings
5	teleconference meetings
15	committee meetings
1	offshore market visit
1	local visit
6	strategy/deep dive sessions

Recent Focus Areas

- Sustainability/carbon pricing
- Operations review
- Strategic alliances and routes
- Widebody fleet
- Electric fleet
- Regional strategy
- Fuel price/continuity of supply
- Delegated Financial Authority
- NZX Listing Rule review
- Constitutional amendments
- Group Risk Profile refresh

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Board Structure, Skills and Composition

The role of the Board in the governance of Air New Zealand requires its members to bring a range of skills and experience to the table, to be able to challenge, support, monitor, mentor, guide and inspire management, and to ensure Air New Zealand is and continues to be a business that its owners, customers, employees and the wider public, can be proud of.

The skills and experience represented on the Board are summarised in the diagram below:

Executive Leadership		Financial		Tourism	
Engineering/Safety		Digital/Technology		Governance	
International Business		Government & Stakeholder		Customer Experience	

Details of each director's experience, independence, and interests are published on the Air New Zealand website.

Strategic Competencies

The Board has reviewed and restated the competencies and attributes it considers appropriate to support the Company's strategic direction, and assessed the extent to which these exist across the current membership. The Board evaluation process, undertaken with an external consultant, assisted in this exercise. The competencies form an important part of the criteria used in the review and development of existing directors, and in the recruitment of new directors. As the Company itself develops, the specific strategic competencies will change and be addressed as the Board refreshes itself, and some gap between the identified strategic competencies and a snapshot of current capability is usually to be expected.

The Board works to ensure these competencies are adequately addressed in its membership, and notes it is generally not necessary or practical for every director to individually demonstrate these: competency depth may be as relevant as breadth.

The specific qualifications, skills and experience of current directors are separately discussed in the biographies of each director.

Diversity and Inclusion

The Board is resolutely committed to fostering a diverse and inclusive culture throughout the Group. It recognises the fresh perspectives and innovation that a diverse workforce brings and the importance of reflecting the diversity of our customers which ultimately leads to stronger connections and business performance. Diversity and Inclusion sits within the roles and responsibilities set out in the Charter for the Board's People, Remuneration and Diversity Committee.

Air New Zealand is making strong progress in delivering the four Diversity and Inclusion priorities outlined in its Diversity & Inclusion Strategy to 2020 being:

- **Attract and recruit diverse talent.**
- **Develop our diverse workforce.**
- **Create a culture where everybody thrives.**
- **Future-proof our business (retention and transition).**

Attract and Recruit Diverse Talent

As at 30 June 2019, 14.8% of our leadership roles were held by Māori and Pasifika. We aim to increase this to 20% by 2022. Our Māori and Pasifika strategy includes partnering with the organisation Indigenous Growth to deliver "Mangopare", a robust Māori and Pasifika leadership development programme which commenced in July 2019 with 16 participants. Our partnership with Champions of Change's TupuToa internship programme will continue for a further three years, promoting and encouraging young Māori and Pasifika into corporate careers.

We continue to focus on improving inclusion and accessibility for people with disabilities, and on creating more opportunities for youth. In May 2019 we developed a strategic partnership with Queenstown Resort College (QRC) at its Paihia campus to foster study and career pathways for youth across regional New Zealand through a range of programmes and scholarships, as well as work experience with us. The first QRC intern began in July 2019. This aligns with the youth and tourism initiatives within our social and economic sustainability pillars.

Develop our Diverse Workforce

Gender equality and greater female representation on the Senior Leadership Team (SLT) remains a key priority. At 30 June 2019, female representation was at 44%, tracking well towards our updated target of 50% female representation in the SLT by 2020. Recent appointments include a female Senior Fleet Manager within Pilots and a female Chief Digital Officer.

We continue to address the underrepresentation of women in male dominated professions through the following groups:

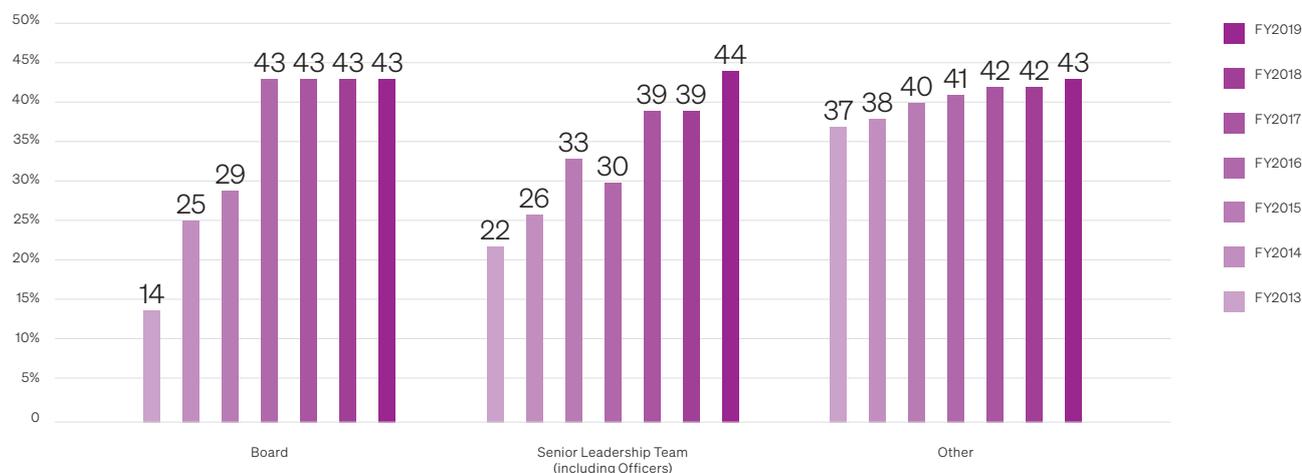
- **Women in Digital** – This network supports 'Shadowtech', providing leadership shadowing and work experience for female digital students in partnership with the Manukau Institute of Technology.
- **Women in Engineering** – A network focused on promoting engineering careers to female youth. The network hosted a familiarisation visit for female students in June to acknowledge International Women in Engineering day, followed by a panel to provide opportunity for students to hear from female engineers, engineering managers and senior leaders in our business.
- **Women Inspiring the Next Generation of Female Pilots (WINGS) network** – Focused on attraction, inclusion and leadership for female pilots and aspiring pilots.

Working relationships have been established with the Careers and Transition Education Association, Women in Government network and the New Zealand Defence Force.



CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Workforce Gender Representation (% female)



AS AT 30 JUNE	2013	2014	2015	2016	2017	2018	2019
No. of Board (female:male)	1:6	2:6	2:5	3:4	3:4	3:4	3:4
No. of Executive Team (female:male)	1:7	1:7	1:7	1:8	1:9	1:9	3:7
No. of Senior Leadership Team (female:male)	15:52	18:51	26:54	24:57	34:53	34:53	38:49
No. of Other (female:male)	4,075:6,912	4,299:6,979	4,433:6,742	4,656:6,635	4,879:6,810	4,913:6,838	5,411:7,112

- Women in Leadership** – Twenty women are participating in the fourth Women in Leadership programme in 2019. Since 2016, of the 49 participants, 18 women have been promoted and 13 have moved laterally into new roles. By November 2019, 69 women will have completed the programme.
- External Women's Development programmes** – Through our increased partnership with Global Women to Major Partner status, we have additional female development opportunities in the Activate Leaders programme. In 2019 we have two women participating in the programme which is aimed at mid-manager level. This strengthens our female talent pipeline. Two of our high-potential female talent completed the International Women's Forum Programme in the 2019 financial year. One was promoted to the SLT as General Manager Pilots, an area which has a significantly higher number of male representation.
- Cultural Competence programme** – As part of our strong focus on developing our Māori and Pasifika employees into leadership roles, we are improving cultural competence across the business, integral to the sustainability and success of diversity at all levels in Air New Zealand. Phase one of our cultural competence programme is underway and focused on Māori and Pasifika to support "Mangopare", our Indigenous Growth Leadership Development programme. The 2020 financial year will see the development of this programme to include further ethnicities and cultures.
- Māori Employee Strategy** – Progress continues to be made in our Māori employee strategy and cultural fluency initiatives:
 - Integrating Māori cultural competency through leadership programmes.
 - Providing coaching on cultural protocols and Te Reo particularly for SLT and 1:1 coaching for Executive to build cultural capability and demonstrate inclusive leadership.
 - Residential Māori fluency wananga for key leaders in partnership with Department of Conservation at Te Papa Atawhai including marae based workshops and stays.
 - Ensuring cultural fluency in our brand and the Koru is a core capability for all Air New Zealanders through our induction programme. We are using the Te Manukanuka o Hoturoa Marae for graduations and inductions, and Te Ara Nui, our cultural kapa haka group (which is a finalist in Diversity Works 2019 Diversity Awards NZ cultural celebration category).

Definitions:

Executive Team: The Chief Executive Officer and direct reports. The members of the Executive Team are defined as Officers of the Company.
Senior Leadership Team (SLT): Executive Team, direct reports to the Executive Team and other selected senior managers.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Diversity on the Board

The Board's ability to contribute is enhanced by the diversity of its members. This diversity may be demonstrated through a number of criteria, such as those discussed or depicted below. The range of experience of directors, recorded in the biographies on pages 63-64, is another important source of diversity.

Achieving gender balance has been a strong diversity focus, but the Board is also interested in other dimensions of its diversity including structural factors of tenure and age. The size of the Board is a constraining factor in formulating meaningful numeric targets for Board diversity, but the Board is diligent in recognising and encouraging an expansive approach to diversity in its own membership as well as in the wider Company, and in the ongoing consideration of measures or targets.



Create a Culture Where Everybody Thrives

- **Employee networks** – We have two new employee networks, Enable (disability) and Ex-Services (ex-military), bringing the total number of networks to seven, providing a forum for collaboration and support to specific employee groups. These networks are thriving and actively engaged with driving diversity and inclusion initiatives. In the 2020 financial year these will include initiatives such as embedding Rainbow Tick training and gender and Accessibility Tick accreditation initiatives, whānau support for Indigenous Growth participants, improving our mentoring programme for talented youth with the First Foundation, and providing work experience and mentoring for aspiring youth in Digital, Engineering and Pilots.
- **Continued success with the Unconscious Knowledge and Bias programme** – Our Unconscious Knowledge and Bias awareness programme grows in popularity. We committed to a target of 80% of our SLT completing the programme by 2020. Currently, 63% of our SLT have completed the programme.
- **Achieved Rainbow Tick Accreditation and Accessibility Tick Accreditation** – In January 2019 Air New Zealand received the Rainbow Tick accreditation. The certification process tests whether a workplace understands and welcomes sexual and gender diversity and involves ongoing evaluation against the Rainbow Tick Standards. We have progressed with our disability goals and obtained our Accessibility Tick accreditation in August 2019.
- **Executive Leadership Shadow exercise** – The Leadership Shadow programme is supported by the New Zealand Global Women initiative Champions for Change. Air New Zealand was the first organisation in New Zealand to have its full Executive complete this exercise in September 2018. The exercise aims to increase self-awareness of how CEO and Executive Teams lead the strategic diversity and inclusion agenda within their organisations, how they can accelerate progress and how as individuals and as an Executive Team they are currently modelling inclusion.

Air New Zealand was also awarded the inaugural International Air Transport Association Diversity and Team Inclusion Award in June 2019 from a total of 70 submissions. Our achievement was based on our inspiring stories, evidence of diversity and inclusion progress and maturity in this space as outlined by the judges.

Future Proof (retention and transition)

Our Future of Work strategy is focused on creating more flexible work practices, work spaces, and ways of working underpinned by rapidly changing technology. By allowing people to think differently about how, when and where they work, we will unlock a broader and more diverse employee base – providing access to new talent and new opportunities for existing employees. This strategy is focused on:

- Exploring new technology-enabled flexible working practices.
- Continued focus on diversity and inclusion through our formal learning framework – transitioning from classroom training to tablet enabled learning anywhere, anytime.
- Commitment to support the mature workforce through 'planning for retirement' workshops and providing more accessible information and support services on Air New Zealand's intranet.

Board Evaluation

The Board Charter provides for regular performance reviews of the Board as a whole and its Committees. Individual director views and the views of some members of the Executive Team are sought on Board process, efficiency, and effectiveness, and are discussed by the Board as a whole. In conjunction with this process, those directors retiring annually by rotation who are standing for re-election have their performance evaluated by their fellow directors in a process co-ordinated by the Chairman, (or by the Deputy Chairman to review the Chairman) with individual feedback to each director as their evaluation is completed.



CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Director Appointments and Induction

The Board as a whole considers the requirement for additional or replacement directors, subject to the Constitutional limitation of the number of directors. In so doing, it has regard to the skills, experience and diversity on the Board, and the skills that are necessary or desirable for the Board to fulfil its governance role and contribute to the long-term strategic direction of the Company. The Board may engage consultants to assist in the identification, recruitment and appointment of suitable candidates.

When appointing new directors, the Board ensures that the Constitutional requirements in respect of directors will continue to be satisfied. There must be between five and eight directors, at least three of whom are resident in New Zealand. The majority of directors must be New Zealand citizens and, for a Board of seven members as is currently the case, at least two must be independent. The NZX Corporate Governance Code's recommendation that a majority of the Board should be independent directors is also addressed.

The Constitution provides that all Non-Executive Directors are elected by Shareholders. Directors may be appointed by the Board to fill vacancies, but they are then subject to re-election at the next annual Shareholder meeting. In addition to directors retiring by rotation, and eligible for re-election, nominations may be made by Shareholders.

Each Non-Executive Director receives a letter formalising their appointment. That letter outlines the key terms and conditions of their appointment and is required to be countersigned confirming agreement.

The Board introduces new directors to Senior Executives and the business through specifically tailored induction programmes. The programme includes one-on-one meetings with members of the Executive Team together with visits to key operational business areas.

Director Development

All directors are regularly updated on current industry and company issues by presentations and briefings from Senior Executives. The Board expects all directors to undertake continuous education so that they can effectively perform their duties and progress on this forms part of the Board evaluation process. Training highlights in the past year include visits to aircraft and engine manufacturers, and participation in the New Zealand Institute of Directors' Leadership Conference.

Board Committees

“The Board should use committees where this will enhance its effectiveness in key areas, while still retaining board responsibility.”

The Board has established committees where these can assist in the efficient performance of the Board's functions, and the achievement of appropriate governance outcomes. All committees operate under written Charters, which define the role, authority and operations of the committee. Committee Charters are available on the Air New Zealand website. Current standing committees are outlined below.

Committee	Composition and Roles	Members
Audit	3-7 non-executive directors. A majority, including the Chairman, must be independent. A majority of the members should be financially literate and at least 1 member must have an accounting or financial background. The Chair may not be the Chairman of the Board. Advises and assists the Board in discharging its responsibilities with respect to financial reporting, compliance and risk management practices of Air New Zealand.	Jan Dawson (Chair) Tony Carter Jonathan Mason Dame Therese Walsh
People Remuneration and Diversity (“PRDC”)	2-7 non-executive directors. A majority, including the Chairman, must be independent. Advises and assists the Board in discharging its responsibilities with respect to oversight of the People Strategy of Air New Zealand.	Jonathan Mason (Chair) Tony Carter Jan Dawson Sir John Key
Health, Safety and Security (“HSSC”)	At least 3 non-executive directors. A majority, including the Chairman, must be independent. Advises and assists the Board in discharging its responsibilities with respect to health, safety and security matters arising out of activities within and by Air New Zealand.	Rob Jager (Chair) Tony Carter Linda Jenkinson
Funding	3-4 directors. The Chairman of the Board will be the Chairman. Advises and assists the Board in discharging its responsibilities with respect to funding transactions and associated matters.	Tony Carter (Chair) Jan Dawson Rob Jager

Attendance at meetings of employees or other persons is at the invitation and discretion of the respective Committee, through its Chair. As noted above, the Board as a whole considers the requirement for additional or replacement directors, and has not established a nomination committee or similar for this purpose.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

The table below reports attendance of members at Board and Board Committee meetings during the 2019 reporting period.

Board/Committee Meetings 1 July 2018 – 30 June 2019

	Board		Audit Committee		People Remuneration and Diversity Committee		Health, Safety and Security Committee	
	Meetings	Attended	Meetings	Attended	Meetings	Attended	Meetings	Attended
Tony Carter	12	11	4	4	6	6	4	4
Jan Dawson	12	12	4	4	6	6		
Rob Jager	12	12					4	3
Linda Jenkinson	12	11					4	4
Sir John Key	12	12			6	5		
Jonathan Mason	12	12	4	3	6	6		
Dame Therese Walsh	12	12	4	4				

The Funding Committee generally satisfies its responsibilities through electronic communication and written resolution, to ensure efficient processing of funding and related transactions. No physical meetings of this Committee were held in the year and no additional fees are paid in respect of this Committee.

Reporting and Disclosure

“The Board should demand integrity in financial and non-financial reporting, and in the timeliness and balance of corporate disclosures.”

The Board is committed to timely, accurate and meaningful reporting of financial and non-financial information.

As a listed company there is an imperative to ensure the market is informed, and the listed securities are being fairly valued by the market. In addition to statutory disclosures, the Company provides ongoing updates of its operations, as well as presentations to the investment community. This material is made publicly available through releases to the NZX and ASX, in accordance with the Listing Rules.

Initiatives are pursued to inform all stakeholders of the Company’s performance against broader objectives, including responsibilities to our communities, people, environment and economy. The Company’s Sustainability Report reports on activities and achievements in these areas.

Air New Zealand has a Continuous Disclosure Policy, available on the Air New Zealand website. The purpose of this policy is to:

- Ensure that Air New Zealand complies with its continuous disclosure obligations;
- Ensure timely, accurate and complete information is provided to all shareholders and market participants; and
- Outline mandatory requirements and responsibilities in relation to the identification, reporting, review and disclosure of Material Information relevant to Air New Zealand.

This policy establishes a Disclosure Committee to facilitate the provision of timely and appropriate market disclosure.

The Board receives assurances from the Chief Executive Officer and Chief Financial Officer that the financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and NZ IFRS, based on a sound system of risk management and internal control that is operating effectively in all material respects in relation to financial reporting risks.

In addition to the published financial statements, Air New Zealand’s Sustainability Report provides information and insight into the Company’s approach and performance on a number of non-financial matters, including social, environmental and economic measures.

Remuneration

“The remuneration of directors and executives should be transparent, fair and reasonable.”

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.

Where the pool permits, the Board may amend the actual fees paid to reflect market conditions or other relevant factors.



CORPORATE GOVERNANCE STATEMENT (CONTINUED)

The Board has determined the following allocation of the pool.

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

1. The Chairman 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.

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

	Board Fees	Audit Committee	HSSC	PRDC	Total Fees	Value of Travel Entitlement ^{1,3}
Tony Carter (Chairman) ²	\$270,000	-	-	-	\$270,000	\$19,796
Jan Dawson (Deputy Chairman)	\$114,000	\$40,000 (Chair)	-	\$10,000	\$164,000	\$19,603
Rob Jager	\$100,000	-	\$40,000 (Chair)	-	\$140,000	\$71,643
Linda Jenkinson	\$100,000	-	\$20,000	-	\$120,000	\$86,130
Sir John Key	\$100,000	-	-	\$10,000	\$110,000	\$72,628
Jonathan Mason	\$100,000	\$20,000	-	\$20,000 (Chair)	\$140,000	\$52,132
Dame Therese Walsh	\$100,000	\$20,000	-	-	\$120,000	\$68,485
Total	\$884,000	\$80,000	\$60,000	\$40,000	\$1,064,000	\$390,417

Amounts stated as FBT and GST exclusive where applicable.

1. Includes value of travel benefits for related parties and benefits accrued in prior years utilised in current year.

2. No committee fees are paid to the Chairman.

3. The value of the travel entitlements received by former directors during the accounting period were as follows: Paul Bingham (\$26,447), Roger France (\$53,340), Jim Fox (\$22,479), John Palmer (\$23,677), Warren Larsen (\$4,200), Jane Freeman (\$48,268), John MacDonald (\$35,858).

In addition to the director remuneration provisions above, Air New Zealand's employee remuneration policy, including the components of remuneration, is reflected in the philosophies and principles discussed in the remuneration report.

The remuneration of the Chief Executive Officer is disclosed in the remuneration report.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Risk Management

“Directors should have a sound understanding of the material risks faced by the issuer and how to manage them. The Board should regularly verify that the issuer has appropriate processes that identify and manage potential and material risks.”

Air New Zealand operates in a complex environment that is not devoid of risk. Risks inherent within our business environment need to be systematically identified and managed to meet legal, regulatory and governance obligations, while still allowing the Company to operate sustainably as a commercial airline. We achieve this by embedding risk management into our organisational processes and culture through our Enterprise Risk Management Framework (“ERMF”).

Risk Governance and reporting

The Board of Directors, supported by the Audit Committee, has overall responsibility for ensuring the effective implementation of risk management systems in line with the Group Risk Management Policy, and that the Company does not operate beyond its risk appetite.

The Board ensures that it receives appropriate information on key risks and the management of these. On a six-monthly basis, the Board receives a Group Risk Profile representing the most significant strategic risks facing the Company as identified by management. The reports enable the Board to gain assurance that a robust assessment has been undertaken of the key risks facing the Company, and the effectiveness of Air New Zealand’s system of internal controls for managing them. The Board is also responsible for reviewing the Risk Management Policy and ERM priorities at least annually.

The Board’s Health, Safety and Security Committee provides oversight of Air New Zealand’s health, safety and security risk management including processes, policies and performance, and monitoring the effectiveness of internal control assurance. This process includes site visits to observe treatment of operational and safety risks, as well as presentations on risk management practices and targeted deep dives to obtain assurance that risks receive the appropriate focus from management.

Further monitoring of the effectiveness of Air New Zealand’s safety management systems across our operations, including people safety and air worthiness risks, and associated regulatory compliance is undertaken by a cross-functional executive management committee.

The Executive Team, under the leadership of the Chief Executive Officer, implements the processes, methodologies and structures that encompass the ERMF. The ERMF provides for regular risk conversations amongst the Executive Team, and the operation of risk champions throughout the business.

Enterprise Risk Management Framework

In the 2018 financial year, the Board, led by the Audit Committee, worked with management to develop and implement an ERMF to provide a consistent approach to risk identification, management and reporting.

The ERMF is built on the commonly accepted ISO31000:2009 standard for risk management. This includes a simple, seven-step risk management process that is being progressively implemented company-wide.

The scope of the ERMF includes a consideration of Strategic, Operational, Financial and Legal/Regulatory risks, both short-term and long-term, across all critical business functions of the Air New Zealand Group.

Key risks are identified at business unit, divisional and group levels, with ownership for the management of these formally assigned to senior managers.

Key risks are assessed and prioritised against a risk matrix of likelihood and consequence.

A taxonomy of risk types is maintained to assist in the identification of risks and facilitate their consistent categorisation to drive meaningful analysis.





CORPORATE GOVERNANCE STATEMENT (CONTINUED)

ERM focus for the 2020 financial year

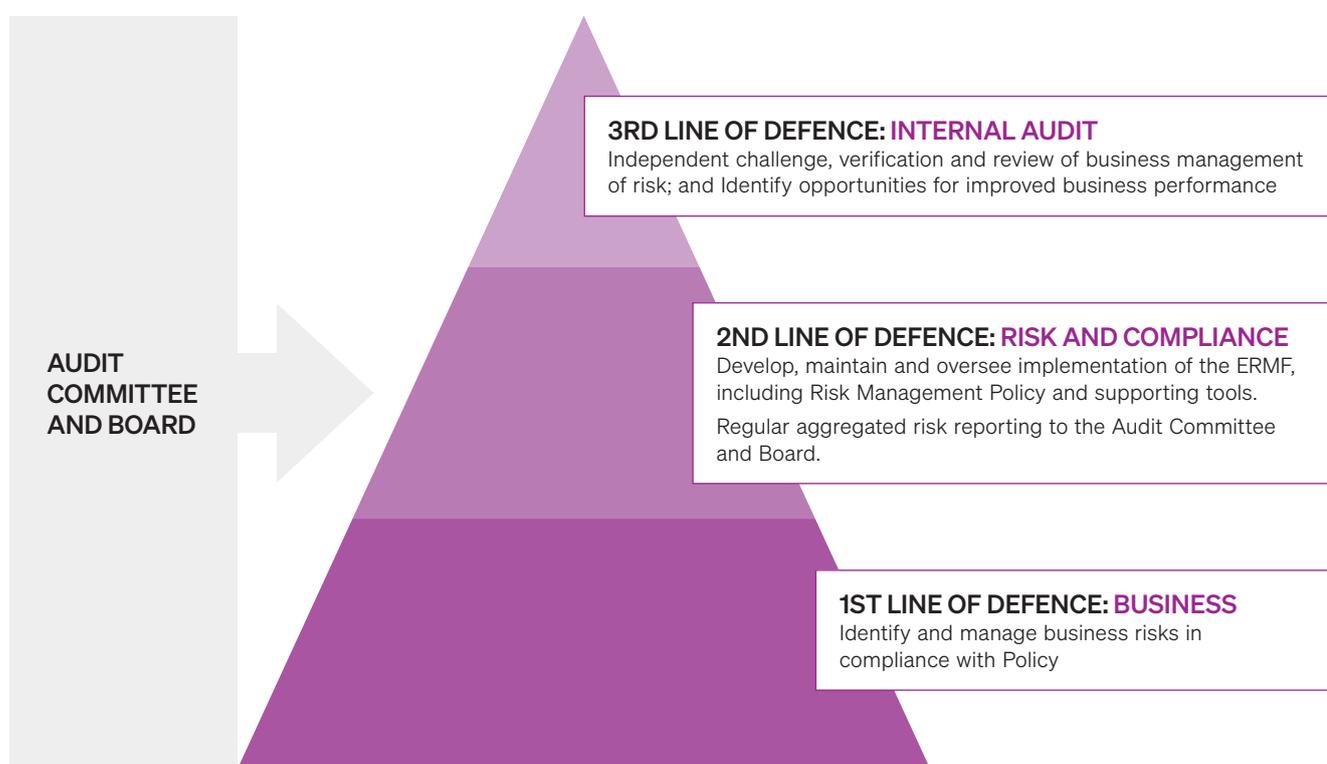
The focus in the 2019 financial year has been on strengthening the cohesion between the company's bottom-up and top-down processes for the review of risks. This year the top-down approach involved the Board and Executive's participation in the risk identification process. The approach considered the external environment and organisational strategy in identifying the most consequential risks to the Company.

The bottom-up process complements the top-down view by providing management's view of risks that threaten the achievement of business objectives.

Over the 2020 financial year, initiatives to improve the maturity of risk management activity will involve establishing an operating rhythm for strategic risk conversations at various levels of the organisation, developing a formal risk appetite, lifting risk management awareness and capability across our business and creating stronger pathways between strategy and risk through the strategic planning process.

Accountability – Three Lines of Defence

Air New Zealand's risk management structure aims to align with the Three Lines of Defence model, involving the Executive, Audit Committee and Board oversight of risk management and assurance. Each Line has a set of core accountabilities:



Strategic Risks

The Board and management have identified and assessed a number of strategic risks facing the business. These have been prioritised based on their relative strategic importance and criticality.

As an airline that operates in a complex global environment, Air New Zealand's vulnerability to uncertainty or unfavourable changes in the general macro-economic conditions has been identified as the top strategic risk for the company.

Strategic Risk Area	Description	Mitigation
Macro-environmental Uncertainty	Complexity or uncertainty in the macro environment, or a significant economic downturn impairs long-term planning and the global propensity to travel, adversely impacting capacity management, revenue optimisation and growth.	Regular and ongoing monitoring of market trend development through a range of economic and market indicators to facilitate forecasting of and planning for underlying demand, revenue and capacity.
Cybersecurity	A cyber-attack leads 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.	Information security management systems, complemented by appropriate cybersecurity measures and insurance.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Strategic Risk Area	Description	Mitigation
Operational Safety and Integrity	A significant compliance breach, failure of the aviation safety system or catastrophic aircraft accident results in a suspension or revocation of Air New Zealand's Air Operator's Certificate.	Airline Safety Management System supplemented with strict training and competency requirements for flight and cabin crew.
Infrastructure Constraints	Lack of investment in New Zealand airports (security, lounge etc.) and national/regional infrastructure constrains the future growth of the airline.	Engagement at senior levels with other industry with industry bodies and ongoing monitoring of drivers of customer satisfaction.
Shifting Public Sentiment	Shifting public sentiment towards Air New Zealand leads to: <ul style="list-style-type: none"> • loss of customer loyalty • loss of shareholder support which triggers Government intervention (a change in approach, ownership or regulatory posture) resulting in withdrawal of investors and erosion of brand trust, core profitability and social licence to operate.	Real-time monitoring of and response to stakeholder sentiment, and customer insights process.
Competition – Traditional and Disruptive	A significant increase in disruptive competition from emerging technologies (e.g. virtual and augmented realities, large scale drones), traditional competition or industry consolidation (distribution and airline) leads to disintermediation of customers and marginalisation of Air New Zealand.	Investment in technology through innovation partnerships and Research and Development, and active management of alliances, relationships and partners around response to emerging trends identified.
Constraints on Carbon Emissions	Increasing constraints on carbon emissions (driven by government and stakeholder action to mitigate climate change) lead to increased costs for carbon offsetting.	Development of Air New Zealand's long-term strategy to improve climate resilience, modern fleet with low emission engines, investment into Research and Development of alternative lower emission fuels and power sources, carbon offsetting initiatives, leadership role in advocacy within industry and at governmental level.
Changing Customer Expectations	Decreased responsiveness to changing customer expectations constrains the ability to capture the hearts and minds of all New Zealanders, resulting in a sub-optimal customer experience, brand detachment, loss of competitive advantage and constrained growth.	Customer insights process and monitoring of customer experience, and industry trends to inform the delivery of customer services.
Future Talent Constraints/Challenges	Globalisation of talent market and Air New Zealand's internal business transformation agenda leads to increased challenges around future talent competencies and capabilities constraining the ability to convert and commercialise our customer value proposition to deliver future growth.	Partnership with global recruitment firms and flight training schools, investment in talent management to develop strong career pathways and retain the strong employer brand.
Alliance Relationships	Unravelling of an alliance relationship, misaligned customer service proposition or failure to optimise value generation from alliance partnership results in decline in revenue, withdrawal from markets or inability to execute on opportunities.	Regular and active management of alliance relationships pan-organisation and development of robust contingency options.
Digital Investment and Transformation	Lack of stability and scalability in digital platforms to support Air New Zealand's digital transformation initiatives leading to digital disruption and impact on ability to sustain competitive advantage.	Annual digital planning process, with supporting digital workplan and ongoing programme for investment in new technology.



CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Climate Change

Air New Zealand recognises a range of climate-related risks. In the short-term, as reflected in the Strategic Risks above, there are potential constraints, whether economic, legislative, social or other, on carbon emissions. Within the current technological framework, some level of such emissions is unavoidable, and the Company's risk management approach recognises these constraints.

Over a longer timeframe, additional types of climate-related risk are recognised. These currently fall outside the 11 strategic risks discussed above, but Air New Zealand is capturing, evaluating and addressing these risks. For example, a changing climate is bringing about a range of physical impacts such as extreme weather, changing sea levels, higher temperatures and atmospheric disturbance. These physical effects can lead to operational impacts, including access to facilities, changed travel patterns or limitations on routes. Customer propensity to travel may be materially reduced, impacting on revenue or fleet utilisation. Although the physical effects themselves cannot be reasonably managed by Air New Zealand, the impacts can be mitigated through such means as enhanced technology, or operational changes including scheduling or route selection. Long-term strategic planning regarding infrastructure and engagement with infrastructure providers, including airports, will also assist in the ongoing provision of services.

As society, both in New Zealand and globally, increasingly grapples with the effects of climate change, industry sectors and companies will come under greater scrutiny as to their sustainability credentials and strategic response to climate change, and there may be official and unofficial sanctions on those which are failing, or are perceived to be failing, to address the challenges.

Air New Zealand manages climate-related risks within its ERM, while recognising their specific features including time frames. Through the development of a long-term climate change strategy, the Company will consider the modelling and measurement of various climate related scenarios, and is monitoring peer organisations so as to achieve appropriate consistency in approach and disclosure.

In August 2019 Air New Zealand became one of the first New Zealand companies to sign up as a Task Force on Climate-related Financial Disclosures (TCFD) Supporter, joining over 800 other organisations globally committed to implementing and improving climate-related disclosure. The Company will be reporting against the TCFD Recommendations from the 2020 financial year.

Auditors

"The Board should ensure the quality and independence of the external audit process."

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. Deloitte has been appointed in this respect.

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

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

Internal Audit

Internal Auditing is an independent and objective assurance and consulting activity that is guided by a philosophy of adding value to improve the operations of Air New Zealand. The Company's Head of Internal Audit reports functionally to the Audit Committee and administratively to the Chief Financial Officer. The internal auditors' responsibilities are defined by the Audit Committee as part of their oversight role, and the Head of Internal Audit has unfettered access to the Audit Committee or its Chair.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Shareholder Rights and Relations

“The Board should respect the rights of shareholders and foster constructive relationships with shareholders that encourage them to engage with the issuer.”

The Board recognises the rights of shareholders and is committed to engaging with them positively on significant matters.

Air New Zealand's shareholder relations programme is designed to ensure effective, two-way communication between shareholders and Air New Zealand. Relevant information is provided to the investment community as quickly and efficiently as possible as part of Air New Zealand's compliance with continuous disclosure obligations.

In addition to providing disclosures to the market, Air New Zealand engages with shareholders in a number of ways including:

- **Investor Centre Website**

Air New Zealand maintains a dedicated investor website at airnewzealand.co.nz/investor-centre. This website is an important part of Air New Zealand's communication with shareholders. It contains financial information, current and historical annual reports and presentations, current share price information, dividend history, notices of shareholder meetings, frequently asked questions and other relevant information pertaining to Air New Zealand. The website is freely accessible to the public and is updated regularly.

- **Electronic Communications**

Air New Zealand provides an Investor Relations email address which provides shareholders a mechanism by which they can communicate electronically with Air New Zealand on any matters relating to their investment or other dealings with the Company. All shareholder-related enquiries are provided with a response within a reasonable timeframe.

- **Hybrid Annual Shareholder Meetings**

Beginning in 2016, Air New Zealand has offered shareholders the ability to attend the Annual Shareholders' Meeting in either a physical or digital capacity. For shareholders who are unable to travel, the online option of participating in the Annual Shareholders' Meeting allows all shareholders the ability to engage with the Board of Directors and Executive. In 2018, Air New Zealand had approximately 110 online participants who asked 5 questions using the virtual tool. Resolutions at shareholder meetings are by way of a poll, where each shareholder has one vote per share. Air New Zealand encourages shareholders to ask questions in advance of the meeting, to encourage further engagement with the Company and provide management with a view of the concerns of the Company's shareholders.

- **Investor Day Briefings**

On a periodic basis, Air New Zealand holds investor briefings to provide an update on the Company's strategy and financial framework, as well as provide shareholders with an in-depth discussion on a particular topic and access to senior management. To ensure all shareholders and prospective investors have the opportunity to view the content of Investor Day briefing, Air New Zealand also provides webcast access and transcripts of the event on the Air New Zealand website.

- **Webcasting Interim and Annual Results Presentations**

Air New Zealand webcasts its earnings announcements on a semi-annual basis to provide investors with timely information pertaining to the business, strategy and financial performance. A replay of the webcast and a transcript of the event are made available on the Air New Zealand website.

- **Regular disclosures on company performance**

Air New Zealand makes regular disclosures relating to the company's performance. On a monthly basis an investor update containing operating statistics for the month (traffic and capacity figures, passenger numbers and load factors), as well as details on any significant investor news and events is released to the market and posted on the investor centre website. On a quarterly basis, Air New Zealand also discloses its fuel hedge position for the coming financial period.

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.

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.



DIRECTORS' PROFILES

The following directors held office as at 30 June 2019:

Antony (Tony) Carter BE (Hons), ME, MPhil

Chairman

Independent Non-Executive Director – Appointed 1 December 2010

Mr Carter is Chairman of Fisher & Paykel Healthcare Limited, a director of Fletcher Building Limited, ANZ Bank New Zealand Limited and Vector Limited.

He attended the University of Canterbury where he studied chemical engineering, graduating with a Bachelor in Engineering with honours and a Masters in Engineering in 1980. He then went on to study at Loughborough University of Technology in the United Kingdom and graduated in 1982 with a Master of Philosophy degree.

Mr Carter worked for his family company, Carter Group Limited, in Christchurch until 1986 when he purchased a Mitre 10 hardware store, also eventually serving as a director of Mitre 10 New Zealand Limited and becoming Chairman of Mitre 10 New Zealand Limited in 1993.

In 1994 Mr Carter was appointed General Manager and Chief Executive designate of Foodstuffs (South Island) Limited. In 1995 he was appointed Chief Executive of Foodstuffs (South Island) Limited and in 2001, was appointed Managing Director of Foodstuffs (Auckland) Limited and Managing Director of Foodstuffs (New Zealand) Limited until he retired in December 2010. The Foodstuffs Group is New Zealand's largest retail organisation.

Mr Carter will be resigning as Chairman after the 2019 Annual Shareholder Meeting.

Janice (Jan) Dawson CNZM, BCom, FCA

Deputy Chairman

Independent Non-Executive Director – Appointed 1 April 2011

Ms Dawson is Chairman of Westpac New Zealand Limited and a director of AIG Insurance New Zealand Limited, Meridian Energy Limited and World Sailing. Ms Dawson is a member of the University of Auckland Council and the Capital Investment Committee of the Ministry of Health.

Ms Dawson was a partner of KPMG for 30 years, specialising in audit and risk advisory, and the Chair and Chief Executive of KPMG New Zealand from 2006 until 2011.

Ms Dawson holds a Bachelor of Commerce from the University of Auckland. She is a Fellow of the New Zealand Institute of Chartered Accountants, a Fellow of the Institute of Directors in New Zealand, a Paul Harris Fellow and a North Shore Business Hall of Fame Laureate (2010). Ms Dawson was named Chartered Accountant of the Year in 2011 by the New Zealand Institute of Chartered Accountants.

Robert (Rob) Jager ONZM, BE (Hons), MBA

Independent Non-Executive Director – Appointed 1 April 2013

Mr Jager was appointed as Vice President of Shell Australia's Prelude Floating LNG and wider East Browse assets offshore of Western Australia in November 2018. Mr Jager was formerly Chairman of the Shell Companies in New Zealand and General Manager, Shell Todd Oil Services.

Mr Jager spent a career spanning more than 40 years within Shell, joining the group in New Zealand in 1978 as an engineering cadet and working for Shell in a variety of engineering, project, operational, business, management, and governance roles in New Zealand and overseas. He completed his Bachelor of Engineering degree in 1983 with 1st Class Honours and later gained an MBA with Distinction.

Mr Jager chaired the independent taskforce on Workplace Health and Safety for the New Zealand Government, which has been instrumental in encouraging fundamental changes to New Zealand's approach to workplace health and safety. Mr Jager also chaired the Petroleum Exploration and Production Association NZ as well as the Business Leaders Health and Safety Forum. Mr Jager was a Director for National Science Challenge – Sustainable Seas – Project and an advisor to a major conservation project working towards the ecological restoration of New Zealand's iconic Mount Taranaki.

In 2013, Mr Jager received the Energy Executive of the Year Award at the New Zealand Deloitte Energy Excellence Awards for his "standout performance in the New Zealand energy sector". He was elected a fellow of the Institute of Professional Engineers in 2015 for his contribution to the advancement of engineering practice and leadership in the profession and was recognised with a Safeguard Life-time Achievement Award in 2017. Mr Jager was awarded Officer of New Zealand Order of Merit (ONZM) in the 2018 New Zealand Honours' for his services to Business and Health and Safety.

Mr Jager has been Chairman of the Air New Zealand Health, Safety and Security Committee since September 2014.

Linda Jenkinson MBA, BBS

Independent Non-Executive Director – Appointed 1 June 2014

Ms Jenkinson is a proven global entrepreneur who has started three multi-national companies, one of which listed on the NASDAQ. Most recently she was the co-founder of John Paul, a global concierge services and digital solutions company that services some of the world's leading customer facing businesses.

Ms Jenkinson is currently a director of Guild Group Holdings, Chair of Guild Super and a director of the Eclipz Group (ECX) in Australia, a director of Harbour Asset Management. In the non-profit space she is chair of Unicef New Zealand and a trustee and secretary of the Massey University Foundation in the United States. Ms Jenkinson is the Founder of LevelUp, working with high-growth companies which includes Jaxsta, where she is a director of the global music data platform. Previously Ms Jenkinson was a partner at A.T. Kearney in their Global Financial Services Practice and was a leader in A.T. Kearney's Global Sourcing Practice.

Ms Jenkinson holds a Master of Business Administration from The Wharton School, University of Pennsylvania and a Bachelor of Business Studies from Massey University. In 2016, Ms Jenkinson was named a World Class New Zealander by Kea and was named as one of the most influential women in the Bay Area for 2014 by the San Francisco Business Times. In 2014 Ms Jenkinson was a recipient of Massey University's Sir Geoffrey Peren Award, which recognises a graduate who has reached the highest level of achievement or who has been of significant service to the university, community or nation.

DIRECTORS' PROFILES (CONTINUED)

Rt Hon Sir John Key GNZM, AC

Independent Non-Executive Director – Appointed 1 September 2017

Sir John was Prime Minister of New Zealand from 2008 to 2016. He successfully led the country through the aftermath of the global financial crisis and a series of devastating earthquakes in New Zealand's second-biggest city, Christchurch. Among his portfolios, Sir John was Minister for Tourism. In this role he promoted New Zealand offshore and oversaw substantial growth in New Zealand's tourism industry. He retains a strong interest in the best that our country has to offer both local and international tourists.

Sir John is well respected in international affairs. He chaired the International Democrat Union from 2014 for just over 3 years and chaired the United Nations Security Council in 2016. Sir John, who was knighted in the 2017 Queen's Birthday Honours, has also been appointed an Honorary Companion of the Order of Australia.

Sir John's current business activities include a role advising a \$200 billion United States corporation on its investments in China as well as an advisory role with a New York fund manager. Sir John is the Chairman of ANZ Bank New Zealand Limited, a non-executive director of ANZ Banking Group Limited Australia, and NYSE-listed cyber security company, Palo Alto Networks, Inc. He also sits on the BP International Advisory Board. Sir John still undertakes a number of public speaking engagements and is an Ambassador for philanthropic Japanese billionaire Dr Haruhisa Handa through ISPS Handa and other agencies.

Sir John worked in investment banking for 20 years primarily for Bankers Trust in New Zealand and Merrill Lynch in Singapore, London and Sydney. His positions included heading Merrill Lynch's global foreign exchange business along with responsibility for European derivative trading and E-Commerce. He was a member of the Foreign Exchange Committee of the Federal Reserve Bank of New York (1999-2001).

Jonathan Mason BA, MA, MBA

Independent Non-Executive Director – Appointed 1 March 2014

Mr Mason has more than 30 years' experience in the financial sector, with an emphasis on emerging markets.

Prior to joining Air New Zealand's Board in March 2014, he was Fonterra Co-operative Group's Chief Financial Officer.

He joined Fonterra in 2009 from US-based chemicals company Cabot Corporation where he was Executive Vice-President and Chief Financial Officer. Prior to this he was employed as the Chief Financial Officer at forest products company Carter Holt Harvey Limited and also served in senior financial management positions at US based International Paper Company.

Mr Mason has had governance experience with organisations in both New Zealand and the US. His current directorships include Vector Limited, Westpac New Zealand Limited and Zespri Group Limited. Mr. Mason also serves as an Adjunct Professor of Management at the University of Auckland, specialising in international finance.

Dame Therese Walsh DNZM, BCA, FCA

Independent Non-Executive Director – Appointed 1 May 2016
Chairman-elect

Dame Therese is currently Chairman of TVNZ Limited, a director of ASB Bank Limited, Contact Energy Limited, and Antarctica NZ, and Pro Chancellor at Victoria University.

Previously she was the Head of New Zealand for ICC Cricket World Cup 2015 Limited, and the Chief Operating Officer for Rugby New Zealand 2011 Limited. She has also been a director of NZX Limited, NZ Cricket and Save the Children NZ, Chief Financial Officer at the New Zealand Rugby Union and part of the team that worked on the winning bid to host RWC 2011. Prior to this she was an auditor with KPMG.

Dame Therese is a Fellow of the New Zealand Institute of Chartered Accountants and a commerce graduate from Victoria University. In 2013, she was named the inaugural supreme winner of the Women of Influence Awards and was awarded a Sir Peter Blake Trust Leadership Award in 2014. She became a Dame Companion of the New Zealand Order of Merit in June 2015.

Dame Therese will succeed Mr Carter as Chairman of Air New Zealand following the 2019 Annual Shareholder Meeting.



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 2018 are italicised.

Tony Carter	ANZ Bank New Zealand Limited Blues LLP – ceased 1 February 2019 Capital Training Limited <i>Datacom Group Limited</i> Fisher & Paykel Healthcare Corporation Limited Fletcher Building Limited Fonterra Independent Director Selection Panel Foodstuffs Auckland Protection Trust Maurice Carter Charitable Trust <i>Vector Limited</i>	Director Chairman Advisory Board Member <i>Director</i> Chairman Director Member Trustee Trustee <i>Director</i>
Jan Dawson	AIG Insurance New Zealand Limited Beca Group Limited – resigned 31 March 2019 Jan Dawson Limited Meridian Energy Limited Ministry of Health Capital Investment Committee University of Auckland Council Westpac New Zealand Limited World Sailing	Director Director Director Director Member Member Chairman Director
Rob Jager	Maui Development Limited – resigned 31 October 2018 Petroleum Exploration & Production Associate New Zealand (PEPANZ) – resigned 31 October 2018 Shell Energy Asia Limited – resigned 31 October 2018 Shell Exploration NZ Limited – resigned 31 October 2018 Shell Investments NZ Limited – resigned 31 October 2018 Shell New Zealand (2011) Limited – resigned 31 October 2018 Sustainable Seas National Science Challenge – resigned 31 October 2018	Director Director Chairman Chairman Chairman Chairman Director
Linda Jenkinson	Eclix Group Limited <i>Gold Cross Products & Services Pty Ltd</i> Guild Group Holdings Limited Guild Insurance Limited <i>Guild Link Pty Ltd</i> Guild Superannuation Services Limited Guild Trustee Services Limited Harbour Asset Management Limited <i>Jaxsta Limited</i> Les Concierges (Canada) – resignation advised 27 March 2019 Les Concierges (US) – resignation advised 27 March 2019 Massey University Foundation Massey University US Foundation <i>Refunme Limited</i> <i>RewardChain Limited</i> Te Auaha Limited <i>UNICEF NZ</i> <i>ValueRoad Limited</i>	Director <i>Chair</i> Director Director <i>Director</i> Director Director Director <i>Director</i> Director Director Trustee Director and Secretary <i>Director and Shareholder</i> <i>Shareholder</i> Director <i>Chair</i> <i>Shareholder</i>
Sir John Key	ANZ Bank New Zealand Limited Australia & New Zealand Banking Group Limited (Australia) BP International Advisory Board Caxton (Hedge Fund) Comcast Corporation Handa Foundation <i>MTK Capital Limited</i> <i>Palo Alto Networks, Inc.</i> Thirty Eight JK Limited	Chairman Director Member Consultant/Advisory Board Member Consultant Consultant <i>Director</i> <i>Director</i> Director

INTERESTS REGISTER (CONTINUED)

Jonathan Mason	Beloit College (USA) Board of Trustees <i>Dilworth School for Boys</i> New Zealand Assets Management Limited University of Auckland Endowment Fund Vector Limited Westpac New Zealand Limited <i>World Wide Fund for Nature New Zealand</i> Zespri Group Limited	Trustee Trustee Director Trustee Director Director Trustee Director
Dame Therese Walsh	Antarctica NZ ASB Bank Limited <i>Contact Energy Limited</i> MBIE Major Events Investment Panel – resignation advised 31 December 2018 On Being Bold Limited Television New Zealand Limited Therese Walsh Consulting Limited Victoria University Wellington Homeless Women's Trust Wellington Regional Stadium Trust	Director Director Director Member Director Chairman Director Pro-Chancellor Ambassador Trustee

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 2019 as below:

	Interest	Shares
Tony Carter	Beneficial ¹	207,189 ²
Jan Dawson	Beneficial	20,000
Rob Jager	Beneficial	24,500
Linda Jenkinson	Beneficial	22,000
Sir John Key	Beneficial	20,000
Jonathan Mason	Beneficial	29,000
Dame Therese Walsh	Beneficial	85,000

1. Held by Loughborough Investments Limited, an associated person of Tony Carter.
2. Tony Carter also has a beneficial interest (through Loughborough Investments Limited) in 30,000 Bonds.

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

	Transaction	Date	Number	Consideration
Dame Therese Walsh	Purchase	17 October 2018	20,000	\$56,600
	Purchase	1 April 2019	20,000	\$51,600

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.



EMPLOYEE REMUNERATION

Remuneration paid in FY19 including base for FY19, and incentive payments including performance rights issued under the LTI scheme that relate to FY18 performance and paid in FY19

	New Zealand management	Aircrew, engineering, overseas and others
100,000 - 110,000	177	403
110,000 - 120,000	170	342
120,000 - 130,000	201	346
130,000 - 140,000	164	205
140,000 - 150,000	99	226
150,000 - 160,000	72	182
160,000 - 170,000	50	198
170,000 - 180,000	56	141
180,000 - 190,000	48	110
190,000 - 200,000	47	69
200,000 - 210,000	39	64
210,000 - 220,000	33	46
220,000 - 230,000	33	52
230,000 - 240,000	17	53
240,000 - 250,000	14	29
250,000 - 260,000	10	24
260,000 - 270,000	9	45
270,000 - 280,000	5	49
280,000 - 290,000	6	74
290,000 - 300,000	2	32
300,000 - 310,000	7	17
310,000 - 320,000	4	23
320,000 - 330,000	4	14
330,000 - 340,000	2	16
340,000 - 350,000	3	17
350,000 - 360,000	1	8
360,000 - 370,000	3	12
370,000 - 380,000	2	20
380,000 - 390,000	1	14
390,000 - 400,000	1	10
400,000 - 410,000	-	7
410,000 - 420,000	2	6
420,000 - 430,000	2	24
430,000 - 440,000	4	18
440,000 - 450,000	5	20
450,000 - 460,000	5	21
460,000 - 470,000	4	15
470,000 - 480,000	2	6
480,000 - 490,000	1	5
490,000 - 500,000	-	9
500,000 - 510,000	1	7
510,000 - 520,000	2	4
520,000 - 530,000	-	6
530,000 - 540,000	2	2
540,000 - 550,000	-	1
550,000 - 560,000	2	1
570,000 - 580,000	-	1
590,000 - 600,000	-	1
610,000 - 620,000	2	-
620,000 - 630,000	1	-
630,000 - 640,000	1	-
670,000 - 680,000	2	-
710,000 - 720,000	1	-
720,000 - 730,000	2	-
750,000 - 760,000	-	1
760,000 - 770,000	1	-
850,000 - 860,000	1	-
860,000 - 870,000	-	1
960,000 - 970,000	-	1
1,100,000 - 1,110,000	1	-
1,140,000 - 1,150,000	1	-
1,190,000 - 1,200,000	1	-
1,290,000 - 1,300,000	1	-
1,330,000 - 1,340,000	1	-
1,380,000 - 1,390,000	1	-
1,460,000 - 1,470,000	2	-
1,620,000 - 1,630,000	1	-
2,000,000 - 2,010,000	1	-
2,620,000 - 2,630,000	1	-
4,360,000 - 4,370,000	1	-
Grand Total	1,335	2,998

EMPLOYEE REMUNERATION (CONTINUED)

Remuneration philosophy

In order to attract and retain talented individuals, Air New Zealand's performance and reward strategy is aligned with both the recruitment philosophy – to source talented people, and the Company's capability development agenda – to develop future leaders and provide succession pipelines into key roles. The key objectives of the strategy are attracting high performing individuals, providing rich developmental opportunities and recognising achievement through targeted performance and reward initiatives.

Air New Zealand's remuneration strategy is underpinned by a pay for performance philosophy and uses annual performance incentives to create opportunities for everyone 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;
- Annual performance incentive; and
- Long-term incentive.

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 and performance priorities.

Fixed remuneration

Air New Zealand's philosophy is to set fixed remuneration at 90 percent of the market median for Executives who are fully competent in their role.

Short-term performance incentives

The annual performance incentive component for the CEO and Executive is delivered through the Air New Zealand Short-Term Incentive Scheme (STI). The measures used in determining the quantum of the STI are set annually. Targets relate to both Company financial performance and individual targets. For the CEO the STI is set at 55% of annual fixed salary at target (Achieving) performance and the weighting is based 60% on Company financial performance and 40% on individual performance against specific targets. For all other employees the weighting is 50% Company financial performance and 50% individual performance. Participation in the plan is by annual invitation at the discretion of the company.

Company Component

At the start of the 2019 financial year the Board set the financial target for the Company for incentive payments which was set at 13% Return on Invested Capital (ROIC) on an NZ IFRS 16 - Leases compliant basis.

The Company must achieve 10% ROIC before any company component is paid out. The maximum company component is 200%, achieved when the Company reaches and exceeds 19% ROIC.

The Board has discretion to eliminate significant positive or negative one-off adjustments to ROIC.

Individual Component

In the 2019 financial year 25% of the individual component was paid out based on the achievement of Customer Satisfaction and On Time Performance measures.

The main factors for the assessment of the remainder of the individual performance for the 2019 financial year were:

Performance Description	Performance Measures
Business performance	<ul style="list-style-type: none"> • Delivery of business plan • Brand profile and trust
Strategy development and delivery	<ul style="list-style-type: none"> • Progress against key strategic initiatives and plan as set by the Board • Key external relationships
Leadership	<ul style="list-style-type: none"> • Customer experience • Health and safety performance
People and culture	<ul style="list-style-type: none"> • Employee engagement • Compliance with regulatory environment

Payments for the individual component are made according to an overall performance rating taking into account the employee's performance across the range of individual measures and demonstration of Air New Zealand's leadership behaviours.

Performance Rating	Individual STI Percentage
Unsatisfactory	0%
Developing	60%
Achieving	100%
High	130%
Outstanding	200%

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 2019 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.

In addition, the CEO has access to the Air New Zealand CEO Restricted Share Rights Plan (CRSRP). The CSRSP was established as a further incentive in recognition of the commercial importance of retaining the services of the CEO for an extended period.



EMPLOYEE REMUNERATION (CONTINUED)

Long-Term Incentive Plan (LTIP)

There are two main elements to the 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 depending on their seniority. 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.

In three years' time, 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 to what extent 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)

If vesting is not achieved on the third anniversary of the issue date, 50 percent of performance rights will lapse. For the remaining 50 percent there will be a further 6 month opportunity for the performance rights to vest.

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 fixed remuneration for the CEO, and between 20% and 40% of fixed remuneration for Executives depending on their seniority.

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.

CEO Restricted Share Rights Plan (CRSRP)

The CRSRP scheme commenced in the 2016 financial year. Each year, at the absolute discretion of the Board, and on condition of the CEO achieving the performance hurdles set for the previous financial year, restricted share rights can be issued to the CEO based on 50% of the CEO's fixed remuneration.

Share rights issued under this scheme are not earned nor do they vest unless the CEO remains employed by Air New Zealand at vesting milestones across the period from 2017 to 2021. If this condition is met a proportion of the rights will immediately vest to the CEO on this date. Given his announced resignation the CEO will not be granted any further CRSRPs, the already awarded CRSRPs will vest or forfeit according to the plan rules.

Chief Executive Officer Remuneration

CEO Transition

On 19 June 2019, the CEO gave the Board 12 months notice as required by his employment contract. The Board has agreed the remuneration payable to the CEO under the contract including the term of service, the payment in lieu of service and the related proration of STI and LTI.

CEO Target Remuneration Summary

Financial Year	Salary \$	Benefits ¹ \$	STI ² \$	LTIP ³ \$	CRSRP ⁴ \$	Summary \$
2019	1,600,000	150,846	880,000	880,000	775,000	4,285,846
2018	1,550,000	166,171	852,500	852,500	755,000	4,176,171

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

- Benefits include actual superannuation (KoruSaver scheme) and travel in the 2019 financial year. The CEO is a member of Air New Zealand's group superannuation scheme, KoruSaver. As a member of the 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. The dollar value represents the actual benefit received in each financial year, as no target is available for benefits.
- STI target entitlement is 55% of Salary.
- The Long-Term Incentive Plan remains at risk. Target LTIP represents 55% of the rights granted. In three years' time, 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 share rights will lapse. As a good leaver the CEO will retain the Performance Right's awarded in the 2017, 2018 and 2019 programmes.
- The annual restricted share rights are split into two tranches with different vesting dates. Share rights only vest if the CEO remains employed by the company on the date for vesting. Therefore, the second tranche of the CRSRPs awarded in September 2018 (FY19) will not vest given the CEO's announced resignation.

EMPLOYEE REMUNERATION (CONTINUED)

CEO Realised Remuneration 2019 Financial Year

Salary ¹ \$	Benefits ² \$	STI ³ \$	Rights Vested	
			LTIP ⁴ #	CRSRP ⁵ #
1,600,000	150,846	784,608	706,731	380,636

Comments to the table:

- Salary includes all cash paid to, or received by, the CEO in respect of the financial period.
- Benefits include superannuation (KoruSaver scheme) and travel. The CEO is a member of Air New Zealand's group superannuation scheme, KoruSaver. As a member of the 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, both Company and Individual, 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 Share 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.
- CRSRP includes the number of restricted shares rights that have been converted to shares as a result of the achievement of service milestones. 293,854 rights have converted to shares from the September 2016 (FY17) award and 86,782 from the September 2017 (FY18) award.

CEO Share Rights Granted 2019 Financial Year

Share Rights Granted	
LTIP ¹ #	CRSRP ² #
589,023	242,643

Comments to the table:

- LTIP includes the number of Performance Share Rights granted in September 2018 (FY19). The Long-Term Incentive Plan remains at risk. In three years' time, 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 share rights will lapse. As a good leaver the resigning CEO will retain and exercise these Performance Rights according to the plan rules.
- CRSRP includes the number of restricted shares rights granted in September 2018 (FY19) that will vest in December 2019 and should have vested December 2020 provided the CEO would have been in employment. The share rights that were issued split into two tranches with different vesting dates. For the 2019 financial year, 60% of rights granted will vest during December 2019 and the balance of 40% 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 a combination of Company performance and Individual performance measures.	60% on Company financial performance. The Company must achieve 10% ROIC before any company component is paid out. At 10% ROIC, 25% of the target payout is paid. The maximum company component is 200%, which is achieved when the Company reaches or exceeds 150% of the financial target 19% ROIC.	49%
		10% on Customer Satisfaction and On Time Performance.	0%
		30% on individual performance.	200%
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%
CRSRP	Award of shares under the CEO Restricted Share Rights Plan is set at 50% of the preceding year's fixed remuneration, dependent on the CEO achieving a performance rating of 'Achieving' or above with respect to all the individual objectives set for that financial year.	Restricted rights vest upon the CEO achieving service milestones.	100%



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 2019. 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.

11Ants Analytics Group Limited	Glen Bond Jeremy O'Brien Mark Street (R)	Ansett Australia & Air New Zealand Engineering Services Limited	Jeffrey McDowall Jennifer Page Karen Clayton (R) Hugh Roberts (R)
ADP (New Zealand) Limited	Jennifer Page Chloe Surridge Brian Wilson Karen Clayton (R) Sarah Williamson (R)	Eagle Airways Limited	Glen Bond Jennifer Page Michael Williams Karen Clayton (R)
Air Nelson Limited	Glen Bond Kelvin Duff John Whittaker Michael Williams	Mount Cook Airline Limited	Glen Bond Kelvin Duff John Whittaker Michael Williams
Air New Zealand Aircraft Holdings Limited	Stephan Deschamps Jeffrey McDowall Jennifer Page Karen Clayton (R)	TEAL Insurance Limited	Michelle Redington Hannah Ringland
Air New Zealand Associated Companies Limited	Stephan Deschamps Jeffrey McDowall Jennifer Page Karen Clayton (R)	Air New Zealand (Australia) Pty Limited (incorporated in Australia)	Jennifer Page Kathryn Robertson Karen Clayton (R) Hugh Roberts (R)
Air New Zealand Associated Companies (Australia) Limited	Jeffrey McDowall Jennifer Page Karen Clayton (R) Hugh Roberts (R)	ANZGT Field Services LLC (Joint Venture, incorporated in Del., USA)	Greg Bobrow John Callesen Trevor Hughes Todd Witwer Adam McMillan (R)
Air New Zealand Express Limited	Jeffrey McDowall Jennifer Page Karen Clayton (R) Hugh Roberts (R)		
Air New Zealand Regional Maintenance Limited	Vivian De Beus Carrie Hurihanganui Shehan Sinnaduray Adam McMillan (R) Bruce Parton (R)		
Air New Zealand Travel Business Limited	Jeffrey McDowall Jennifer Page Karen Clayton (R) Hugh Roberts (R)		
ANNZES Engines Christchurch Limited	Jeffrey McDowall Jennifer Page Karen Clayton (R) Hugh Roberts (R)		

OTHER DISCLOSURES

Donations

The Air New Zealand Group has made donations totalling \$22,490 in the financial year to 30 June 2019. 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 2019. The total number of listed Ordinary shares of Air New Zealand Limited at that date was 1,122,844,227.

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	588,887,282* 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.

***Relevant interests held as follows:** As reported in its most recent Substantial Security Holder notice dated 6 July 2015, held by Her Majesty the Queen in Right of New Zealand acting by and through her Minister of Finance (582,854,593 Ordinary shares) and New Zealand Superannuation Fund (6,032,689 Ordinary shares) being property of Her Majesty the Queen in Right of New Zealand and managed by the Guardians of New Zealand Superannuation.



SECURITIES STATISTICS

Top Twenty Shareholders – as at 1 August 2019

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	582,854,593	51.91
HSBC Nominees (New Zealand) Limited	92,810,194	8.27
JPMORGAN Chase Bank	87,529,251	7.80
HSBC Nominees (New Zealand) Limited	69,952,115	6.23
Citibank Nominees (NZ) Ltd	54,885,953	4.89
Accident Compensation Corporation	18,367,852	1.64
Citicorp Nominees Pty Limited	13,665,343	1.22
HSBC Custody Nominees (Australia) Limited	7,381,911	0.66
New Zealand Depository Nominee Limited	6,893,875	0.61
New Zealand Superannuation Fund Nominees Limited	5,354,437	0.48
Cogent Nominees Limited	5,171,245	0.46
J P Morgan Nominees Australia Pty Limited	4,938,746	0.44
National Nominees Limited	4,840,835	0.43
BNP Paribas Nominees NZ Limited	4,352,825	0.39
Premier Nominees Limited	4,328,858	0.39
TEA Custodians Limited	3,935,080	0.35
FNZ Custodians Limited	3,620,268	0.32
Christopher Luxon	3,380,636	0.30
National Nominees New Zealand Limited	2,579,521	0.23
Garth Barfoot	2,250,000	0.20
Total	979,093,538	87.20

Shareholder Statistics – as at 1 August 2019

Size of Holding	Investors	% Investors	Shares	% Issued
1-1,000	15,055	54.57	6,166,016	0.55
1,001-5,000	8,019	29.07	20,247,401	1.80
5,001-10,000	2,267	8.22	17,431,143	1.55
10,001-100,000	2,110	7.65	54,949,909	4.90
100,001 and Over	134	0.49	1,024,049,758	91.20
Total	27,585	100.00	1,122,844,227	100.00

Bondholder Statistics – as at 1 August 2019

Size of Holding	Holders	% Holders	Bonds	% Issued
1-1,000	-	-	-	-
1,001-5,000	40	6.57	200,000	0.40
5,001-10,000	145	23.81	1,423,000	2.85
10,001-100,000	397	65.19	13,037,000	26.07
100,001 and Over	27	4.43	35,340,000	70.68
Total	609	100.00	50,000,000	100.00

Current on-market share buybacks

There is no current share buyback in the market.

OPERATING FLEET STATISTICS

As at 30 June 2019*

Boeing 777-300ER

Number: 7
 Average Age: 7.2 years
 Maximum Passengers: 342
 Cruising Speed: 910 km/hr
 Average Daily Utilisation: 14:10 hrs



Boeing 777-200ER

Number: 8
 Average Age: 13.2 years
 Maximum Passengers: 312
 Cruising Speed: 910 km/hr
 Average Daily Utilisation: 11:36 hrs



Boeing 787-9 Dreamliner

Number: 13
 Average Age: 3.1 years
 Maximum Passengers: 302 or 275
 Cruising Speed: 910 km/hr
 Average Daily Utilisation: 12:26 hrs



Airbus A320/321NEO

Number: 8
 Average Age A321: 0.5 years
 A320: 0.3 years
 Maximum Passengers: A321: 214
 A320: 165
 Cruising Speed: 850 km/hr
 Average Daily Utilisation: A321: 8:59 hrs
 A320: 9:38 hrs



Airbus A320CEO

Number: 25
 Average Age: 15 years short-haul, or
 5.4 years domestic
 Maximum Passengers: 168 short-haul, or
 171 domestic
 Cruising Speed: 850 km/hr
 Average Daily Utilisation: 9:23 hrs short-haul, or
 8:11 hrs domestic



ATR 72-500 / ATR 72-600

Number: 29
 Average Age: 6.8 years
 Maximum Passengers: 68
 Cruising Speed: 518 km/hr
 Average Daily Utilisation: 6:50 hrs



Bombardier Q300

Number: 23
 Average Age: 12.4 years
 Maximum Passengers: 50
 Cruising Speed: 520 km/hr
 Average Daily Utilisation: 6:28 hrs



*The fleet statistics do not include short-term leased capacity to cover Boeing 787-9 engine issues.



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 AIR020).

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.

NZX has introduced new NZX Listing Rules which took effect from 1 January 2019 (the "New Rules"). In accordance with NZX's transitional arrangements, Air New Zealand operated under the old NZX Listing Rules for the entire financial year to 30 June 2019, and transitioned to the New Rules with effect from 1 July 2019.

Neither NZX nor ASX has taken any disciplinary action against the Company during the financial year ended 30 June 2019. In particular there was no exercise of powers by NZX under old NZX Listing Rule 5.4.2 (equivalent to New 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 Share¹ 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 2019:

1. A waiver from old NZX Listing Rule 8.1.7 (equivalent to New Rule 6.5.2) to allow Air New Zealand to amend the terms of the Long-Term Incentive Plan and Chief Executive Officer Option Incentive Plan to provide that instead of purchasing/issuing a share for each option exercised, Air New Zealand would only purchase/issue a number of shares with a value (based on current market prices) equal to the delta between the aggregate of the market share price and the exercise price of the options exercised.

The decision by NZXMS of 31 August 2012 noted that the amendment will not affect the economic position of either the participant or Air New Zealand and will reduce the dilutionary effect on shareholders of the exercise of options.

2. Air New Zealand and the Crown (acting through the Ministry of Business, Innovation and Employment) have agreed terms under which Air New Zealand will provide government agencies with discounted fares. This agreement is likely to be a "Material Transaction" under old NZX Listing Rule 9.2.2(e). Given the Crown is a 51.91% shareholder of Air New Zealand, Air New Zealand sought (and was provided with) a waiver from old NZX Listing Rule 9.2.1 (equivalent to New Rule 5.2.1(a)) to enter into the transaction without the requirement to obtain shareholder approval. This waiver was granted subject to two independent directors of the board certifying that: (i) the agreement has been negotiated on arm's length commercial terms; (ii) entry into the agreement is in the best interests of all shareholders (other than the Crown); and (iii) the Crown, as the majority shareholder in Air New Zealand, has not influenced the board of directors of Air New Zealand, to enter into the agreement. Two independent directors must confirm those same matters listed above, in any extension or renewal of the agreement.

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

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Annual Meeting

Date: 25 September 2019
Time: 2:00 pm
Venue: Hunua Rooms, Aotea Centre
50 Mayoral Drive
Auckland

Current Credit Rating

Moody's rate Air New Zealand Baa2

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Board of Directors

Tony Carter – Chairman
Jan Dawson – Deputy Chairman
Rob Jager
Linda Jenkinson
Sir John Key
Jonathan Mason
Dame Therese Walsh

Chief Executive Officer

Christopher Luxon

Chief Financial Officer

Jeff McDowall

General Counsel and Company Secretary

Jennifer Page