

## Risk Management Policy Last updated 26 January 2010

### 1. Policy Statement

Air New Zealand recognises that it operates in a complex risk environment and will actively manage all material risks balancing the physical and economic risks inherent in the nature of its business with the need to conduct the usual operations of a safe, efficient airline and associated businesses and to accept an appropriate level of commercial financial risk consistent with desired profitability.

### 2. Policy Purpose

Risk management techniques and capability assist managers to focus on uncertainties and vulnerabilities associated with the future thereby improving the likelihood of meeting business objectives.

The objectives of the risk management policy and associated processes are:

- to allow the Group to pursue opportunities that involve risk in an informed manner, so as to meet the expectation of stakeholders;
- to enable full and due consideration be given to the balance of risk, growth and returns, to support the achievement of shareholder value objectives;
- to apply risk management practices to enhance strategic, tactical and operational decision making; and
- to ensure that the Group operates in a sustainable manner.

The Group's risk management process aligns with key elements in the business planning and reporting system, as described in the Group Risk Management Process.

### 3. Definition

Risk is the effect of uncertainty on the achievement of our key objectives – ensuring the safety and security of our customers and staff; ensuring the financial sustainability of the Group; and ensuring the strength of the Group's brands.

### 4. Definition

The management of risk is a core management responsibility, not one that can be delegated.

All management and staff are ultimately accountable for employing a risk management process within their area of control to aid in the achievement of key objectives. A process to ensure risk has been adequately identified, considered and can be managed, should be evident in all key decision-making processes.

The Chief Executive Officer and senior management shall ensure that risks to the business are identified and evaluated and that effective responses are developed.

The Board and its Audit and Safety Committees are responsible for setting policy which defines risk and the Group's appetite or tolerance for risk, assessing and monitoring strategic risks and ensuring management maintains an effective risk management framework.

### 5. Reporting & Managing Risks

Each Division, Subsidiary and Venture should establish and maintain risk documentation to monitor and report risks that threaten achievement of their key objectives. Goals, measures and targets for each Division, Subsidiary or Venture should reflect their particular business and operating environment risks. Records and planning documentation should include information on risks associated with projects and initiatives.

Divisions, Subsidiaries and Ventures are responsible for communicating and reporting risk information to senior management as part of the performance reporting system. This should include information on the status of risk treatment activities. Any risks rated as 'high' or are considered to be outside the Group's appetite or tolerance should be reported immediately.

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Group General Managers will provide a six-monthly representation to the Chief Executive Officer on the application of this policy and related processes.

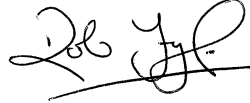
Internal Audit and Risk, working with other risk management roles, will update the Group Risk Profile from Divisional, Subsidiary and Venture risk documentation and report this profile to the Board Audit Committee on at least a six-monthly basis.

Operational Standards and Safety have an explicit responsibility for monitoring and reporting on Group-wide aviation safety and security.

### 6. Where to get more help

Internal Audit can provide detailed advice on the implementation of the Group Risk Management Policy.

Policy authorised by:



**Rob Fyfe**  
Chief Executive Officer

For further information on this Policy, please contact:

Shane Haberle, *Chief Internal Auditor*

Email: [shane.haberle@airnz.co.nz](mailto:shane.haberle@airnz.co.nz)

#### **Useful links / further information:**

Group Risk Management Process  
AS/NZS ISO 31000:2009 Risk Management –  
Principles and Guidelines

*Air New Zealand Limited reserves the right to amend, update or withdraw its corporate policies without prior notice.*