



AIR NEW ZEALAND

Air New Zealand Limited

**People Development and Remuneration
Committee Charter**

**15 February 2001
(as amended February 2005)
(as amended August 2009)**

Purpose

The purpose of the Committee is to:

- Provide oversight of the People Strategy of Air New Zealand including organisation structure, performance, succession planning, development and remuneration strategy and policies;
- Set performance goals for the Chief Executive Officer, review performance and make recommendations to the Board regarding the Chief Executive Officer's performance and remuneration;
- Approve the performance review ratings and remuneration recommendations of the Chief Executive Officer's direct reports; and
- Participate in annual succession planning reviews and selection processes as required from time to time for the Chief Executive Officer and the Chief Executive Officer's direct reports' positions.

Composition

The People Development and Remuneration Committee (PDRC) shall be appointed by the Board and shall consist of at least two and not more than seven members.

Responsibilities

The responsibilities of the Committee are as follows:

- Review annually the People Strategy for Air New Zealand including:
 - The organisation structure;
 - The performance management system and processes;
 - The succession planning process and the capability development strategy.
- Review and approve annually the Remuneration Strategy for Air New Zealand including:
 - The remuneration consultant providers;
 - The recommended movements in remuneration for all regions;
 - The recommended on target short term incentive percentages;
 - The participants in the short term and long term incentive schemes;
 - Any amendments required to the short term and/or long term incentive scheme policy and/or rules;
- Finalise annual goals for the Chief Executive Officer after discussion with the Board, review performance and make recommendations to the Board regarding the Chief Executive Officer's* performance and any recommended adjustment to the Chief Executive Officer's* remuneration annually;
- Review the performance ratings of the Chief Executive Officer's direct reports every 4 months as well as participants in the LTI scheme and approve any recommended adjustment to the Chief Executive Officer's direct reports' remuneration annually;
- Review the Remuneration of non executive directors at three yearly intervals, by seeking external advice and benchmarking before recommendations to the Board and Shareholders as appropriate;

- Review potential successors to the Chief Executive Officer and the Chief Executive Officer's direct reports annually and provide an update to the Board;
- Lead any selection process required from time to time for the role of Chief Executive Officer providing recommendations to the Board and participate in any selection process as required from time to time for the Chief Executive Officer's direct reports' roles.

(Chief Executive Officer excluded from Committee for this purpose)*

Authority

The Committee is authorised by the Board to investigate any activity covered by its functions and responsibilities. It is authorised to seek any information it requires from any employee and all employees shall be directed to cooperate with any request made by the Committee.

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

The Committee shall have such other powers as may from time to time be delegated to the Committee by the Board and which the Board is not prohibited from delegating to the Committee.

Secretarial and Meetings

A quorum for the transaction of business shall be two members unless otherwise stipulated in writing by the Board. In matters where the Chief Executive Officer has a personal interest, his or her attendance will not be counted for the purposes of a quorum.

The Chairperson of the Committee shall be appointed by the Board and if that person is absent from a meeting of the Committee, the members of the Committee participating in that meeting may elect the chairperson for the meeting.

The Group General Manager People shall act as Secretary of the Committee and shall ensure that the Company Secretary is provided with and maintains a complete record of the proceedings of the Committee including agendas, minutes, papers, proposals, advice and reports provided to the Committee.

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

A resolution in writing, signed or assented to by at least two members of the Committee (at least one of whom shall be the Chairman of the Board of Directors of the Company, or the Chief Executive Officer of the Company where there is no self interest), is as valid and effective as if it had been passed at a meeting of the Committee duly convened and held. Any such resolution may consist of several documents (including transmissions by facsimile or e-mail or other similar means of written communication) in like form, each signed or assented to by one or more members of the Committee.

Any Board member may request, through the Board Chair, that the Committee convene to address any matter and such member may attend and speak, but will not have a vote.

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

The agenda and Committee papers shall be distributed to members at least one week prior to each meeting.

Review of the Committee

The Committee shall undertake an annual review of its objectives and activities.

The objectives and activities of the Committee shall also be reviewed by the Board, the Chief Executive Officer, the Group General Manager People and by other parties the Board deems appropriate.

All directors shall have unfettered access to the records of the Committee upon request to the Company Secretary with notification to the Chairman.

Reporting Procedures

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

The Minutes of all Committee meetings, signed by the Chair, shall be circulated to all directors, the Chief Executive Officer, and to other parties as the Board directs.

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