

AIRWAYS CORPORATION OF NEW ZEALAND LIMITED

MINUTES OF A MEETING OF THE BOARD OF DIRECTORS

OF AIRWAYS CORPORATION OF NEW ZEALAND LIMITED

MEETING HELD BY ZOOM ON TUESDAY 18 APRIL 2023 AT 9.00AM – 12.30PM

Present: Denise Church (Chair), Mark Pitt (Deputy Chair), Darin Cusack, Mark Hutchinson, Nicola Greer, John Holt, Gavin Fernandez and Terry Paddy.

In attendance: James Young, CEO
Katie Wilkinson, GM Air Traffic Services
Erin Lee, Acting Chief Financial Officer
Jamie Gray, Head of Public Affairs & Acting Head of People and Capability
Fiona Shine, Head of Legal & Company Secretary
Celine Baillard, Operational Safety Manager

Apologies: Lisa Jacobs (leave of absence)

The Board met alone from approximately 9.00 – 9.50am.

To the question “what is coming up”, strategic risk issues identified by directors included:

- Scale of new international projects poses extended risks; need for board to retain focus on AW primary safety objective
- Past challenges with project management – need for assurance that new approaches mitigate risk
- Continuing evolution of safety reporting and safety committee approach
- Strategy and framing – need to start at high level and simplify focus on productivity
- People and workforce – recognise changing paradigms re job and career, need for AW agility in uncertain global times
- Potential for stop/start to resumption of international travel, with revenue impact
- Digital change and UTM integration – how customers and stakeholders come with us on the digital journey
- Recovery outlook – director observations of low load factor on some sectors
- Need for continuing focus on safety elements

FORMAL BOARD AGENDA

The Board meeting commenced at approximately 9.55am. The Chair thanked Nicola Greer for her services to the Board and requested that the CEO pass on thanks to Yasmin Vamosi.

The Chair noted that the Board had discussed a list of topics of strategic interest.

ITEM 1.0 BOARD MATTERS
Item 1.1 *Continuous Disclosure*

No matters were disclosed.

Item 1.2 ***Register of Directors' Interests***

The Board **noted** the Register of Directors' Interests.

Item 1.3 ***Minutes of Board Meeting held 23 March 2023***

The Board **approved** the minutes of the previous ACNZ Board meeting held on 23 March 2023 as a true and correct record of that meeting.

Item 1.4 ***Matters Arising and Action Items***

The Board **noted** the Matters Arising and Action Items from the 23 March 2023 Board meeting.

The Board requested that the CEO finalise the wording regarding the minor/major changes definitions in the Board approved policies in Lisa Jacob's absence.

The Board noted that Nicola Greer and the CEO had had a discussion regarding the AIL governance structure (with input from Lisa Jacobs) and the action could therefore be closed but requested that any further Director feedback be provided directly to the CEO.

Item 1.5 ***Reappointment of Darin Cusack to the AIL Board***

Darin Cusack declared an interest in the agenda item and refrained from voting on the resolution.

In accordance with Part C, clause 2 of the AIL constitution, the Board (as shareholder of AIL):

1. **approved** the reappointment of Darin Cusack as a director of AIL from 1 May 2023 until 30 April 2026.
2. **authorised** management to do all things and acts (or to procure that they are done), necessary or desirable, to give effect to these resolutions including, updating the Companies' Office.

The Board noted the re-appointment of Mark Pitt to the ACNZ Board from 1 May 2023 to 31 October 2023 and requested that the Company Secretary prepare a paper seeking his re-appointment to the AIL Board.

ACTION: the Company Secretary to prepare a paper seeking Mr Pitt's re-appointment to the AIL Board.

ITEM 2.0 STRATEGIC PAPERS / PRESENTATIONS

Item 2.1 ***ATS Future Services update & AA Tower Replacement update & AOP update (Airspace Optimisation Programme)***

Katie Wilkinson joined the meeting at approximately 10.00am.

The Board had a wide-ranging discussion and provided extensive feedback to management focusing on defining the future vision for the ATS strategy and potential challenges and opportunities.

Noting its intense interest in the ATS strategy due to it being the pathway for the core business, the Board requested that management revert to the Board, at the May meeting, with a timeframe for three streams of work:

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- (2) Problem statements and future vision – how management propose to engage with external consultants; and
- (3) Proposed method of re-engaging with Mitre.

The Board stressed the need for the future ATS strategy to be heavily focused on reducing complexity in the system due to the consequential reduction in errors and resulting increase to safety.

ACTION: Management to revert at the May meeting with a timeframe for three streams of work.

The paper was **noted**.

The Board took a break from approximately 10.45am to 10.55am. Katie Wilkinson left the meeting.

Item 2.2 ***Draft Price Reset***

Erin Lee joined the meeting at approximately 10.55am.

The Board discussed the paper and considered the wider economic outlook. Management confirmed that the pricing had been calculated objectively and that the underlying assumptions had been thoroughly tested.

The Board requested that the draft consultation paper include reference to the fact that, with the support of the shareholder, price increases had been limited in FY23 to FY25 to the extent reasonably possible to stay within equity and funding parameters, and full recovery of revenue across the FY23-25 period was not sought which had buffered the effects of inflation and rising funding costs on customers.

Subject to the inclusion of the amendments noted above, the Board **approved** the FY24 Price Reset document for release on 28 April 2023.

Item 2.3 ***Draft Business Plan and Statement of Corporate Intent (SCI draft 1)***

Jamie Gray joined the meeting at 11.05am.

Management presented the paper highlighting the key points and the Board discussed the proposals in detail. The Board noted that the draft Business Plan and draft SCI incorporate the results of a number of recent Board discussions.

The Board challenged management on the feasibility of delivering on the proposed capex spend given past experience. Management confirmed the reasons why they are confident that the proposed capex is achievable.

The Board noted the comments received from directors by email and requested that they be included in the draft along with the comments raised in the discussions.

Subject to inclusion of feedback from the Board received during the meeting and by way of email, the Board **approved** the draft Statement of Corporate Intent and the draft 10-year budget for valuation purposes.

Jamie Gray and Erin Lee left the meeting at approximately 11.20am.

ITEM 3.0 HEALTH AND SAFETY

Item 3.1 **Board Company Safety Report & Safety Site visits**

Celine Baillard joined the meeting at approximately 11.20am.

Management highlighted the significant points from the paper and gave an update on further matters arising since the drafting of the paper.

The Board had a detailed discussion on the report and gave feedback to management on content. The Board agreed that the focus of the report should be on providing some assurance to the Board that there are no risks in the business which are unmanaged. The Board agreed that this should be achieved by inclusion of commentary from management interpreting the data, i.e. the 'what' and the 'so what', which could include themes, trends, learnings, conversion of learnings into actions, red flag risk areas that are not mitigated and mitigating factors being taken to address any potential risks. The Board also agreed that the report should include a brief narrative on safety from each of ATS and Tech group given their ownership of safety.

ACTION: Board Company Safety Report to be updated to include Board discussions.

The Board **noted** the Company Safety Report.

Celine Baillard left the meeting at approximately 11.45am.

ITEM 4.0 PERFORMANCE OVERVIEW & UPDATES

Item 4.1 **CEO Executive Summary and Company Performance Report**

The Board discussed the CEO Report and, in particular, agreed that their preference was to proceed with the Standard Chartered Bank to open a Bank Account in Nepal.

The CEO gave an update on the ANS review including noting that the focus was on the industry as a whole, not just Airways, and that it is expected that a full report would be presented to the Government in two to three weeks.

The Board discussed the outcomes and next steps in respect of the Equality and Diversity survey and reiterated the need to consider sustainability in RFPs.

The Board noted the positive external feedback from various sources regarding the improvements in relationships between Airways and its stakeholders but stressed the need for management to be mindful that, due to the historic lack of trust, this could easily be undone if the efforts did not continue.

The Board noted their interest in the DMAPs and MBIE matters and requested that a further update be provided at the next Board meeting.

ACTION: Management update on DMAPs and MBIE at May meeting.

The Board **noted** the CEO Executive Summary and Company Performance Report.

ITEM 5.0 PAPERS FOR APPROVAL OR KEY INFORMATION

No matters raised

ITEM 6.0 GOVERNANCE PLANNING AND REVIEW

Item 6.1 **Board Workplan 2023 & Proposed agenda topics for future**

[REDACTED]

The next Board meeting will be held on 23 May in Christchurch.

CLOSE OF MEETING

There being no further business, the formal Board meeting concluded at approximately 12.30.

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[REDACTED]

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Chair