

Sustainability Report

— 2020



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— Letter from the Chief Executive Officer



Greg Foran — Air New Zealand
Chief Executive Officer

It has certainly been a very challenging year for the aviation sector and for Air New Zealand. We have worked hard to ensure the actions we have taken over past months will enable the airline to emerge competitively and sustainably from the Covid-19 crisis. But some of the decisions we have had to make as an organisation have been painful and I am grateful to the entire Air New Zealand whānau – both those who are still employed with us, and those who are not – for their incredible efforts and personal sacrifices through this really difficult time.

The pandemic we are together facing has accentuated the importance of connection, and the crucial role international trade links and international tourism play in the New Zealand economy. The impact of the global pandemic has resulted in Air New Zealand operating significantly fewer flights in the past year, which has seen our carbon emissions reduce by 19 percent. While we will rebuild our airline, there is no doubt our emissions profile in the coming years must be lower than it was pre-Covid. Air New Zealand is one of the most fuel-efficient operators in the world with a very modern fleet – but further significant

decarbonisation will be required, especially because family connections, business, tourism and New Zealand's key export industries rely on international air transport.

Being able to decarbonise our business is considered vital to our long-term success and remains an important part of our business model, even as we navigate the most challenging economic circumstances we have ever seen as an airline. Acting on climate change is not something we consider to be a choice; it is an integral part of the recent company-wide strategy reset we have called Kia Mau ("get ready" in te reo Māori). Through this work it has become increasingly clear that as an airline and as a country, if we are to meet our shared net zero by 2050 goal and take decisive action in the coming decade, we need to pursue sustainable alternative fuels.

Sustainable fuels and the infrastructure they rely on require significant upfront capital and new policy settings to give producers confidence there will be long-term demand and to ensure commercial viability to the end user. These fuels currently cost two to three times that of traditional fuel – but that commercial gap can be narrowed. Making this a reality will require close collaboration, investment from both the public and private sectors, and strong enabling policy to attract investment

and ensure long-term industry competitiveness. And we are up for this challenge – because there are equally strong environmental, social and economic benefits to be gained. Investing in sustainable alternative fuels will create skilled jobs benefiting regional New Zealand; enable more resilient fuel supply chains; and utilise waste materials as feedstock from forestry and landfills or municipal solid waste, with the ability to transition to other feedstock gases using green hydrogen in the future.

New Zealand's high mix of renewable energy, reliance on aviation for domestic connectivity, and high proportion of relatively short distance regional flights also mean it is uniquely placed to be an early adopter of next generation aircraft (electric, hybrid and/or hydrogen). Air New Zealand is working with several aviation equipment manufacturers to accelerate development and deployment of future aircraft and engine technology. Establishing New Zealand as a hub for aircraft innovation and an attractive location for the trialling of future aircraft technologies will accelerate the commercialisation of next generation aircraft while also providing employment and regional development benefits.

A big thank you to our customers too for your continued support. We have been especially delighted with voluntary offsetting rates

in the past year – through our voluntary carbon offsetting function FlyNeutral, together we have contributed close to \$1.5 million towards permanent native forestry projects across New Zealand and achieved an average uptake rate across all retail storefronts of 7.1 percent.

Air New Zealand has a fantastic story about what it has achieved over the past decade and I'm especially proud this year of our continued support for strong biodiversity outcomes with the Department of Conservation and to supporting regional communities through domestic tourism – including advocating for better, more sustainable, tourism outcomes for New Zealand communities. In the coming year we will continue to build on the actions we have taken, leading and advocating for action on decarbonisation and in turn, fulfilling our promise of taking care further than any other airline.

Ngā mihi

Greg Foran
Air New Zealand
Chief Executive Officer

October 2020



— Letter from the Chair of the Sustainability Advisory Panel



Sir Jonathon Porritt — Chair of Air New Zealand's Sustainability Advisory Panel

This has been a terrible year for the global aviation industry. And there will be no immediate bounce-back either. The lingering effects of Covid-19, quarantine controls, residual nervousness in some people about getting back on a plane, even after a global vaccination programme – it all points to a slower recovery for aviation than for almost every other sector of the economy.

It also points to the imperative, for all airlines, of positioning strategically for that post-pandemic world. There are many uncertainties about what that world will look like. But one thing that is absolutely guaranteed is that there will be a far greater sense of urgency in addressing the Climate Emergency in which the world finds itself engulfed.

Many governments have – at long last woken up to the scale of this Emergency. And to the fact that we can no longer defer *immediate* radical action. The Intergovernmental Panel on Climate Change tells us, quite straightforwardly, that emissions of greenhouse gases need to halve over the course of the next decade.

The aviation sector will not be able to halve its emissions by 2030. But

it's going to have to be on a steeply declining trajectory by then, and capable of demonstrating exactly what its contribution would be to avoiding the nightmare of runaway climate change. A nightmare that will make the impact of Covid-19 on the global economy look like a minor market perturbation.

It is therefore very encouraging to see Air New Zealand doubling down on its Carbon Reduction Programme and its overall Sustainability Strategy, as reflected in Greg Foran's introductory words. It would be so easy, facing such incredibly difficult headwinds, having to take such painful decisions to ensure the company's future success, just to put sustainability 'on the backburner'. I can say categorically that this is not happening, and that all of us on Air New Zealand's Sustainability Panel (page 7) are impressed at the leadership being shown here both by the Board and by the whole Executive Team.

I have been deeply critical of the aviation sector in the past. Ever since governments chose to exempt international shipping and aviation from the binding agreement of the Kyoto Protocol back in 1997, the response to accelerating climate change on the part of both sectors has been complacent and obstructive. If nothing else, Covid-19 has

shocked aviation into a more acute realisation both of its vulnerabilities and of its obligations.

Hopefully, it will have simultaneously shocked governments into a realisation of how much smarter they now need to be in providing the right policy settings to make it possible for airlines to do what they need to do. The new Government in New Zealand now has a precious opportunity to show what *real* leadership looks like in that regard, working closely with Air New Zealand to ensure that one of New Zealand's most iconic companies can indeed continue to thrive indefinitely into the future.

And that, of course, is exactly what sustainability means.

Sir Jonathon Porritt
Chair of Air New Zealand's Sustainability Advisory Panel

October 2020



— About Air New Zealand

Prior to the 2020 Covid-19 pandemic, Air New Zealand operated a global network, with a Pacific Rim focus, connecting passengers and providing cargo services to, from, and within New Zealand.

As a small island nation in the Pacific, air travel provides a vital connection to the rest of the world and this became even more evident as global air travel reduced in the past eight months in response to the pandemic.

While passenger numbers have dropped significantly since March 2020 due to Covid-19, we operated five repatriation flights to get returning Kiwis home to New Zealand's shores as well as 26 repatriation charter flights for stranded visitors in New Zealand. This included flying to ports we had never flown to before.

We carried more than 35,000 tonnes of cargo on our network in the past year, supporting New Zealand businesses and facilitating urgent movements of medical and infrastructure supplies and transporting high value products to international markets.



Winner

of the 2019 Deloitte 200 Sustainable Business Award in New Zealand



20

domestic destinations



3.18m

social media fans, up from 3.08m in the prior year



3.49m

Number of Airpoints™ members, up 9% from the prior year



35,045 tonnes

of cargo carried, including 20,000 tonnes under the International Airfreight Capacity Scheme commenced with the Ministry of Transport in May 2020



— Strategy & Governance of Sustainability at Air New Zealand

Our purpose at Air New Zealand is to enrich our country by connecting New Zealanders to each other and New Zealand to the world.

Our **Sustainability Framework** has helped to guide our actions and is aligned with the United Nations Sustainable Development Goals (SDGs), the blueprint to create a better and more sustainable future for all. We have identified nine SDGs that we have the greatest ability to positively impact.

Internally, we regularly monitor and track performance against targets in each of our framework areas. In the past year we had a four-member Sustainability Executive Steering Group comprising our Executives responsible for Strategy; Ground Operations; Marketing & Customer; and Operational Integrity and Safety. Moving forward, the full Executive will meet monthly to discuss advancement of our decarbonisation plans and sustainability agenda given their significance within our new company-wide strategy.

Sustainability Framework

Manaakitanga Our people

Air New Zealanders
Communities



Kaitiakitanga Our place

Carbon
Nature & Science



Ōhanga Ora Our economy

Tourism
Trade & Enterprise



2020 marks the final year for many of our targets as articulated in our **Sustainability Framework** and in 2021 we will be sharing our new strategy, focus areas and associated goals and targets.

Key learnings over past years include:

- The importance of ensuring strong cross-business collaboration and holding relevant senior leaders jointly accountable for achieving the company's sustainability targets, coupled with strong shared governance at the Executive level to ensure delivery within the organisation.
- The critical roles that organisational culture and building sustainability knowledge within senior leadership, delivery teams, and partners play in achieving our sustainability objectives. In the past year, the Sustainability Masterclass (see page 10), hosted for key Air New Zealanders and external parties, helped to drive more personal and therefore business-wide ownership of the sustainability agenda.
- The need to get started, even at a small scale, to generate learnings and eventually build momentum for larger scale impacts. An example here includes our small initial substitutions for single-use plastic inflight materials, which have subsequently encouraged the exploration of new suppliers and products to deliver more widespread waste reductions. This led us to removing 55 million single-use plastic items from our operations through transitioning items to lower-impact alternatives or removing them entirely.



Sustainability Advisory Panel

Our Sustainability Advisory Panel provides an independent forum by which expert guidance and critique is provided on our sustainability agenda.

The Panel is currently made up of four external members who meet with relevant Executives and senior leaders twice a year to hear about our current progress on sustainability targets, provide updates on new developments in the sustainability space, and debate and develop new opportunities.

Panel members have been selected based on their unique sets of skills to assist us with driving our sustainability agenda forward. Current Panel members include Sir Jonathon Porritt, Dame Anne Salmond, Dr Susanne Becken, and Professor Tim Jackson. We were also deeply saddened by the passing of Sir Rob Fenwick in early 2020. Sir Rob was a member of our Panel since 2015 and we valued him hugely for his contribution, support and challenge on our sustainability agenda. He had incredible vision and took significant actions to improve New Zealand's biodiversity, climate and waste reduction outcomes and was fundamental in accelerating corporate sustainability progress across the country. To read more about our Panel members click [here](#). The Panel also provides continuing advice on sustainability matters outside of these bi-annual meetings, including supporting us on sustainability aspects of our new Kiā Mau ('get ready') strategy.

Material issues for 2020

Ongoing engagement with our internal and external [stakeholders](#) allows us to consider the key issues they care about and identify material issues that are relevant to Air New Zealand in the current operating context. Consultation takes place with our employees, customers, investors, suppliers, industry partners and the communities we operate in.

The identification of our material issues is further supported by our Board of Directors, Executive, and Sustainability Advisory Panel who assess the issues that are most material to our operations, the environment, our customers and other stakeholders. Our Executive also reviews the risks identified in our Enterprise Risk Process and annual and long-term strategic planning cycles.

The material issues identified as part of this canvassing of multiple stakeholders then forms the backbone of our direction as a company, including strategic priorities, sustainability initiatives, mitigation of risk, and reporting.

In this report we focus on the following:

- 01.** Caring for our people & communities
- 02.** Tackling climate change & carbon emissions
- 03.** Championing sustainable tourism & regions
- 04.** Strengthening sustainable supply chains & reducing waste
- 05.** Sustainability dashboard & performance metrics





Caring for our people & communities

People are and have always been the heart of our airline – he tāngata, he tāngata, he tāngata.

Manaaki or caring for our people is inherent in who we are – that care carries through to our customers which is why they choose to fly with us.

This year our people have proven yet again how resilient and dedicated they are as we have faced one of the most difficult times in the airline's history. Despite saying goodbye to friends and colleagues and adapting to Covid-19 Alert Levels, they continue to deliver exceptional service to our customers and outstanding work.



Supporting our people through Covid-19

The past eight months have been exceptionally challenging – the impact of Covid-19 on the aviation and tourism industries has been heart-breaking. Over this time our priority has been the health, safety and wellbeing of our people and our customers.

We have worked closely with the Ministry of Health to implement measures to keep our crew and the New Zealand public safe. Such measures have included the extensive use of personal protective equipment (PPE), on-site Covid-19 testing for our people, isolation of international air crew, and the cleaning of aircraft with antiviral products.

The difficult economic circumstances meant we had to make the tough decision to right-size our organisation to match the reduced flying demand and prepare the airline to be smaller for at least a time. We worked with our unions and employees to find alternative ways of reducing costs to minimise the number of redundancies. Unfortunately, we still had to farewell more than 4,000 Air New Zealanders and

more than 1,000 others have taken voluntary periods of leave without pay or reduced hours to support the airline.

We have put in place a number of measures to support people exiting the business and safeguard the wellbeing of all Air New Zealanders. This included promoting our wellbeing resources:

- **Wellbeing Hub** with customised Covid-19 toolboxes on financial wellbeing, managing stress and anxiety, self-isolation and working remotely
- **Weekly wellbeing check-in text messages and emails** – people could tell us how they and their whānau were feeling and request a wellbeing check-in. More than 28,000 responses were received
- **Thrive** mental health app
- **Employee Assistance Programme**
- **Peer Assistance Networks**
- Our **Special Assistance Team** was deployed to support vulnerable employees
- **Health & wellbeing** livestreams on managing stress, financial wellbeing and mental health

The Āwhina Trust was set up to provide employees with hardship grants, using funds provided through salary sacrifice and

donations from employees. More than 1,000 Air New Zealanders have received a grant so far. We also worked with AMP to enable our FlexiSaver members to make withdrawals of up to 30 percent from their superannuation account.

Internal secondment opportunities were maximised to keep people employed for as long as possible. For example, cabin crew and airport workers supported the Contact Centre team in answering the tens of thousands of queries we received every week. The Learning team partnered with tertiary education providers to promote reskilling courses and funding options for impacted employees. Learning materials were also created along with curated LinkedIn Learning modules. Career transition support was provided through:

- **1:1 Careerdesk** advice
- **Career livestream sessions**, workbooks and videos
- **Promotion of external job opportunities** – more than 1,000 jobs shared with nearly 45,000 views
- **Staying Connected Register** for departing employees to receive future job opportunities

It has been enormously challenging for our international crew flying our cargo and repatriation flights. They undergo testing before departure,

isolation in hotels while on layover, then more testing and self-isolation on return. Our Chief Medical Officer works closely with the Ministry of Health to make sure we have the most up-to-date practices and precautions to ensure safety. The team recently established in-house compliance and surveillance testing for employees to make it easier for them to get tested. We are also working with overseas hotels to make sure crew have access to fresh, healthy food and rooms with outlooks to improve the layover experience.

We are extremely grateful for the professionalism Air New Zealanders have shown throughout this crisis. They have been steadfast through the constantly changing environment and remain the backbone of our business.

Our diverse people

Diversity creates a better culture, drives innovation and is ultimately good business. With more than 132 known ethnicities, we strive to create a workforce that represents Aotearoa and is a place Air New Zealanders can be themselves and thrive.

Our 10 employee networks connect, support and give a voice to our employees, driving an inclusive workplace where people of all genders, sexual identities and abilities are respected, accepted and valued. They have been instrumental in us attaining the Gender, Rainbow and Accessibility Ticks.

In addition, we have learning modules on understanding our different communities, what being inclusive looks like and awareness of the impact of unconscious bias on decision-making.

Gender balance

We pride ourselves on developing women and promoting gender diversity, creating a culture that empowers women. We have increased the proportion of women in senior leadership positions over the past year, with 51 percent of our Airline Leadership Team now women. Our gender pay equity gap shows men are paid 0.89 percent more than women in comparative roles, so we will continue to review our processes and policies to ensure they promote equality.



Māori & Pasifika development

Our commitment to growing and developing Māori and Pasifika leaders continues, with 17 percent of leaders now of Māori or Pasifika descent¹. We are well on track to meet, and hopefully exceed, our target of 20 percent by 2022.

Mango Pare, our programme to develop aspiring Māori and Pasifika leaders through indigenous values, kicked off last year. The first 16 participants shared overwhelmingly positive feedback – check out what they had to say [here](#). We are running another course this year and are grateful for the funding received from Te Puni Kōkiri to support this.

Over the past year our [TupuToa intern programme](#) (which aims to create career pathways for Māori and Pasifika students) had eight interns, four of whom have stayed employed with Air New Zealand following their internships.

Embedding sustainability

Pre-Covid-19, a key strategic focus was on embedding sustainability and enabling more than 100

of our people leaders and key stakeholders (suppliers, airport operators, key customers and investors) to build awareness and capability to deliver on our sustainability agenda. In November 2019, Sir Jonathon Porritt, Chair of Air New Zealand's Sustainability Advisory Panel, facilitated a two day Sustainability Masterclass, where world-class local and international contributors provided [expert insights](#) and facilitated discussion – assisting participants to build their knowledge and explore ideas and actions to meet the sustainability challenges confronting both Air New Zealand, the aviation sector and partners across New Zealand.

Community support

As an airline we endeavour to extend manaaki to the communities we fly to and support New Zealanders through a number of initiatives. Unfortunately many of our programmes were impacted by Covid-19, but some of the successes were:

- Our Carepoints™ programme launched in May enabling Airpoints™ members to donate Airpoints Dollars™ to three charity partners – KidsCan, Women's Refuge and New Zealand Red Cross. Nearly 250,000 Airpoints Dollars were donated

- The Airpoints for Schools programme had some travel that was impacted. We are working with the chosen schools to reschedule them on their educational travel
- Our internal team of conservationists, called the Greenteam, supported several volunteering activities this year, including the Department of Conservation Pāteke release in the Arthur Valley

As we look to 2021 we will continue to rebuild our community programmes around the Covid-19 restrictions, adapting where we can.

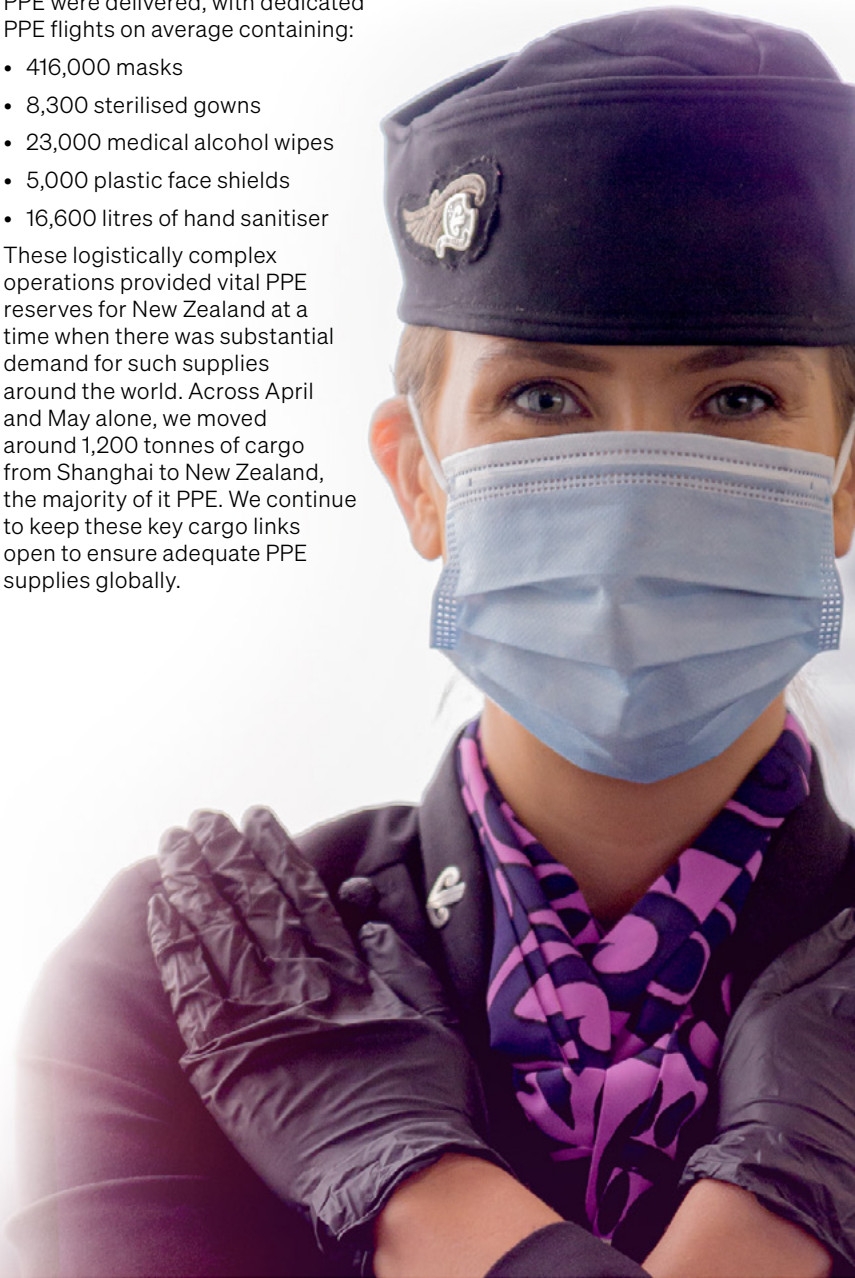
Playing our part to deliver essential personal protective equipment

As the Covid-19 pandemic grew in impact and reach, we worked with the business sector and the Government under tight timeframes to arrange 80 dedicated cargo flights from Shanghai to Auckland. Many of these flights contained PPE for health workers and other essential services. In total millions of items of

PPE were delivered, with dedicated PPE flights on average containing:

- 416,000 masks
- 8,300 sterilised gowns
- 23,000 medical alcohol wipes
- 5,000 plastic face shields
- 16,600 litres of hand sanitiser

These logistically complex operations provided vital PPE reserves for New Zealand at a time when there was substantial demand for such supplies around the world. Across April and May alone, we moved around 1,200 tonnes of cargo from Shanghai to New Zealand, the majority of it PPE. We continue to keep these key cargo links open to ensure adequate PPE supplies globally.



¹Based on those Air New Zealanders that have elected to fill out their descent details.



— Key metrics

MĀORI & PASIFIKA LEADERS

13%

2018

15%

2019



17%

2020

EMPLOYEE NETWORKS IN OPERATION

- | | | | | |
|------------------|-----------------------|-------------------------------|--|---|
| 1. Pride | 4. Women's | 7. Young Professionals | 9. WINGs (Women Inspiring the Next Generation) – Pilots | 10. Women in Engineering, Maintenance & Supply Chain |
| 2. Manu | 5. Kiwi Asia | 8. Women in Digital | | |
| 3. Enable | 6. Ex-Services | | | |

EMPLOYEE ASSISTANCE PROGRAMME (EAP) UTILISATION RATE¹

9.8%

2019

10.5%

2020

TOTAL RECORDABLE RATES (TRR) OF INJURIES²

5.1/million hours

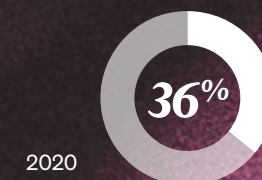
2020 (down from 10.3 in 2019)

¹ EAP Association Guidelines indicate that a utilisation rate (the percentage of new and re-opened cases, based on FTE) over 6% is an indication EAP is being used as a proactive wellbeing tool.

² Based on injuries (medical treatment and lost time incidents) x 1,000,000 / actual hours worked.

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WOMEN IN LEADERSHIP/ MANAGEMENT



WOMEN IN SENIOR LEADERSHIP



WELLBEING HUB VISITS

1,165

average unique users each month



Tackling climate change & carbon emissions

Despite Covid-19 clipping the wings of the global aviation industry in the past eight months, the importance and urgency of climate action remains as pressing as ever.

While the Covid-19 pandemic essentially grounded a significant proportion of the global aviation industry in 2020, the climate has continued to warm. World over, devastating climate-related weather events have gained momentum and intensity. From wildfires in Australia, the United States and the Arctic, to flooding in New Zealand, the climate crisis has not stopped for the pandemic.



At the same time, the pandemic has exposed the criticality of air transport to New Zealand's trade, export, investment and tourism industries. The importance and pitfalls of global connectivity have never been more stark and the enormous economic benefit created by air travel has never been more apparent. It is clear that aviation remains vital to our future prosperity, but the industry must evolve and operate in a more sustainable manner.

Through our dedicated Carbon Reduction Programme, we have continued to focus on making the operation as fuel efficient as possible, both in the air and on the ground. This focus has helped us improve fuel efficiency by more than 18.3 percent since 2009. The Covid-19 pandemic and New Zealand's elimination strategy and border closure, required the airline to pivot and support the recovery of the economy via its cargo operation. During the year, the airline operated hundreds of charter flights, enabling the

movement of pandemic response equipment, PPE, and facilitating repatriation of people. However, continued fleet substitution challenges caused by the Rolls-Royce Trent engine issues coupled with the unique challenges posed by the Covid-19 operating environment, ultimately eroded some of the hard won efficiency gains in the first part of the year, as the operation responded to a new network, new destinations, new social distancing guidelines, fewer passengers and more cargo.

Air New Zealand continues to be a participant in the New Zealand Emissions Trading Scheme and has an obligation to report greenhouse gas emissions generated from fuel use on all domestic flights and then purchase and surrender to the Government an equal number of New Zealand Units to match those emissions. In the 2019 calendar year, our Emissions Trading Scheme obligation was 628,408 tonnes CO₂-e. For emissions generated in international airspace, we participate in the

Carbon Offset and Reduction Scheme for International Aviation (CORSIA) requiring carbon neutral growth from 2020 and annual measurement and reporting. Read more about our climate-related governance, strategy, risk management, metrics and targets in our 2020 Taskforce for Climate Related Financial Disclosures (TCFD) contained in our 2020 Annual Financial Results available [here](#).

Covid-19 has not dampened our customers' awareness of the effects of climate change or their commitment to travel in a more sustainable manner. More customers than ever before chose to voluntarily offset their flight-related carbon emissions in the year, either by "ticking the box" when booking, or by offsetting through our FlyNeutral programme for corporate and government customers. Air New Zealand also continued to voluntarily offset all the carbon emissions attributable to employees flying for work around our network.

VOLUNTARY OFFSETTING UPTAKE RATES IN FY20¹

7.0%

New Zealand (up from 4.6% in FY19)

14.0%

UK (up from 9.8% in FY19)

10.3%

US (up from 7.3% in FY19)

9.0%

Canada (up from 6.0% in FY19)

6.3%

Australia (up from 4.3% in FY19)

4.8%

Singapore (since launch 4 Oct 2019)

6.9%

Japan (since launch 3 Mar 2020)

7.1%

Uptake rate across all activated storefronts (up from 4.6% in FY19)

CORPORATE AND GOVERNMENT CUSTOMER ROLL OF HONOUR

Corporate and Governmental organisations demonstrating leadership by offsetting flight-related travel emissions in FY20 through FlyNeutral²

Massey University / Spark / Ministry of Social Development / Accident Compensation Corporation / Ryman Healthcare / AsureQuality / Health Quality and Safety Commission / PĀMU Farms of New Zealand / Stuff / New Zealand Oil & Gas / Milford Asset Management / Information Leadership / Arvida / Bell Gully / Hawkes Bay Regional Council / BLAKE / Co-op Bank / Office of the Clerk / Deloitte New Zealand

¹ Number of bookings partially or fully offset as a percentage of all bookings through the relevant online storefront; New Zealand, United Kingdom, United States, Canada and Australia data for all FY20, other markets since functionality was available within the year.

² Customers are listed in order of tonnes of CO₂-e offset through the programme in FY20.

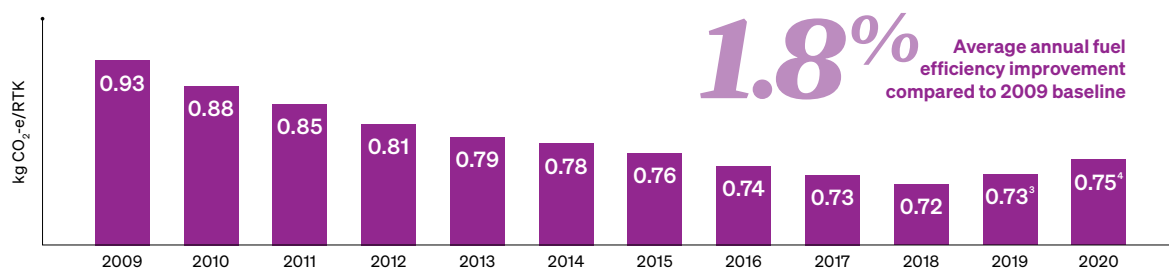


GREENHOUSE GAS INVENTORY

Total operational emissions scope	GHG emissions sources	Tonnes CO ₂ -e 2018	Tonnes CO ₂ -e 2019	Tonnes CO ₂ -e 2020
Scope 1	Aviation Fuel, LPG, Natural Gas, Ground Diesel, Ground Bio Diesel, Ground Petrol	3,730,246	3,925,650	3,176,634
Scope 2	Electricity	3,044	3,098	2,832
Totals		3,733,290	3,928,748	3,179,466
Biomass	Wood pellets (CO ₂)	638	725	1,050

In 2019, New Zealand Ministry for the Environment released a new set of greenhouse gas emissions factors for organisational reporting, including for the first time an emissions factor for aviation fuel. Air New Zealand has adopted this figure to stay consistent with national greenhouse gas inventory guidance, a process which has included updating our baseline inventory and inventories for financial years 2016 to 2019. A correction was made to the use of this factor for the 2020 financial year, which has been implemented for all previous years.

FUEL EFFICIENCY: CO₂-e PER REVENUE TONNE KILOMETRE¹



¹ Revenue Tonne Kilometre (RTK) is a measure of the weight that has been paid for on the aircraft (freight and passengers) multiplied by the number of kilometres transported. Freight values are from Air New Zealand records, and passenger weights are estimated at 100kg per passenger (including checked and carry-on baggage) as recommended by IATA for generating a fuel efficient target. CO₂-e emissions are from Air New Zealand's use of aviation fuel over the same time periods.

Within FlyNeutral, half of the carbon emitted was offset with emission reduction units generated from permanent native forestry projects in New Zealand, including from the NZ Native Forest Restoration Trust, Wellington City Council's Outer Green Belt, the Coatbridge Native Forest Project (Marlborough), the Tempello Biodiversity Project (Marlborough), Hinewai Reserve (Banks Peninsula) and Owenga Reserve (Chatham Islands). The airline and its customers supported permanent native afforestation throughout New Zealand by contributing around \$1.47 million to these New Zealand projects in the past year. The other half of the carbon emitted was offset with emission reduction units generated from biodiversity and sustainable energy projects in New Caledonia,

Australia and China. Air New Zealand keeps none of the funds collected via FlyNeutral.

Despite the devastating impact of the pandemic, customers chose to voluntarily offset more carbon emissions than ever before through FlyNeutral in the year – along with the airline's own voluntary offsetting commitments, customers elected to offset over 92,000² tonnes of CO₂-e up from over 63,000 tonnes in the previous year.

The supply of permanent New Zealand native forestry offsets is a clear challenge for New Zealand (and for the future of Air New Zealand's FlyNeutral programme) and we have encouraged and supported the biodiversity workstream of the Aotearoa Circle to produce its report **Native Forests: Resetting the Balance**. The report explores the opportunities and benefits that indigenous forestry presents to New Zealand for carbon sequestration, biodiversity, soil health and other ecosystem services, as well as potential solutions to encourage more widespread native afforestation.

² Retail customers offset at the time of booking. Where flights have been cancelled due to Covid-19, customers have been issued credits, including for the value of offsets purchased. This figure includes tonnes of carbon purchased by retail customers in the year, the value of which was credited back to the customer due to Covid-19 related cancellations.

³ In 2019, up to four of our most fuel-efficient aircraft, the Boeing 787-9 Dreamliner, were unavailable for use due to the global Rolls-Royce Trent 1000 engine issues. Air New Zealand leased two Boeing 777-200 and one Boeing 777-300 aircraft which, depending on flight route and duration, typically used 20 to 26 percent more fuel than the Dreamliner, resulting in the decline in fuel efficiency this year.

⁴ In 2020, two of our most fuel-efficient aircraft, the Boeing 787-9 Dreamliner, were unavailable for use due to the global Rolls-Royce Trent 1000 engine issues resulting in less fuel-efficient Boeing 777-200 and Boeing 777-300 aircraft being substituted on routes. Additionally, the impact of Covid-19 on payloads, mandated social distancing requirements and network changes negatively impacted fuel efficiency.

Internal governance

The Board of Directors is ultimately responsible for our response to the risks and opportunities presented by climate-related issues. Board oversight is through the Audit and Risk Committee, which oversees key risks including climate change. This committee meets quarterly and updates the Board following each meeting. Management has day-to-day responsibility for identifying and managing climate-related risks and opportunities. Climate-related workstreams are the responsibility of the full Executive team, the Executive Climate Committee and the Sustainability team. For more information please refer to our TCFD disclosures contained in our 2020 Annual Financial Results available [here](#).



— Key metrics

TOTAL TONNES CO₂-e SAVED THROUGH CARBON REDUCTION PROGRAMME



FLEET AGE IN YEARS (SEAT-WEIGHTED)



¹Excludes the Boeing 777-200 fleet, which has been grounded for an indefinite period.



03 — Championing sustainable tourism & regions

The environment and New Zealand's unique culture are at the heart of New Zealand's tourism proposition and protecting it therefore remains critical.

Our strong tourism partnerships have been vitally important as tourism industry players pull together to face into the challenges of Covid-19. Pre-Covid-19, great inroads were being made in raising the value that international visitors provide to New Zealand. This strategy remains important once international border restrictions ease. Going forward, the recovery of the tourism industry from the substantial impact of Covid-19 must be one of collaboration and with sustainability's relevance more front of mind, as

has been foreshadowed through the New Zealand Tourism Taskforce's mandate and ongoing work.

From March 2020 we saw international visitor numbers drop sharply due to global border closures. As a result, stimulating domestic tourism and maintaining cargo trade links throughout Covid-19 have been major focus areas. A key part of this work has been the resumption of flights to all 20 of the domestic destinations that we were flying to pre-Covid-19.





The importance of value over volume

Growing the value of tourism faster than volumes of travellers has been a goal of the New Zealand tourism industry and great progress was being made towards this in 2019. Annual expenditure by international visitors increased 5.2 percent to \$17.2 billion, while international visitor arrivals increased by 1.3 percent, in the year ended March 2019¹.

Pre-Covid-19, tourism export earnings were also boosted by the expansion of our international route network, connecting consumers in North America, Asia and Australia directly with New Zealand. Targeting high-value visitors in large global markets requires significant marketing investment, which we undertook more effectively by working in partnership with Tourism New Zealand and other airline and tourism industry partners.

Continued partnering with Tourism New Zealand

With international borders severely restricted by the pandemic, our partnership with Tourism New Zealand shifted focus to promote domestic tourism. The “Do Something New, New Zealand!” campaign launched in May 2020, which we supported by promoting the campaign in Kia Ora magazine, consumer communications and retail marketing campaigns. The campaign encourages New Zealanders to get out and see their own backyard, with a particular emphasis on travelling outside of the peak holiday periods.



We also continued our collaboration with the Department of Conservation, Local Government New Zealand, New Zealand Maori Tourism, Tourism

Holdings Limited, Tourism Industry Aotearoa and Tourism New Zealand to promote the Tiaki Promise to domestic and international visitors. Tiaki means to care and protect and the Tiaki Promise guides visitors on how

to travel New Zealand safely and responsibly. As part of this work, a summer campaign was launched in November 2019 with Kiwi kids asking New Zealanders and international visitors to care for New Zealand and act as kaitiaki for now and for future generations. As at March 2020, 84 percent of New Zealanders indicated that the Tiaki Promise is important to help inform people how to travel New Zealand responsibly².

Championing sustainable activities

In March 2020 we launched a new [Sustainable Activities Website](https://airnewzealand.co.nz/sustainable-activities/), profiling local sustainable tourism operators committed to making New Zealand a world-class sustainable visitor destination. Over 245 sustainable activities and attractions, endorsed by Qualmark, can be explored, and booked on the website.



airnewzealand.co.nz/sustainable-activities/
Find and book quality, sustainable activities and attractions, endorsed by Qualmark

Developing the next generation of tourism leaders

Recognising the key role that sustainable tourism plays in enabling prosperity within New Zealand's regions coupled with the need to provide higher value and skilled employment opportunities in the tourism sector, in mid-2019 we established a strategic partnership with Queenstown Resort College's (QRC) Tai Tokerau Paihia campus. The goal of the partnership is to build New Zealand's tourism talent pipeline and enable youth employment pathways, while developing regional capability for the tourism sector. In addition to providing travel support to staff and students, 45 QRC students have had the opportunity to visit Air New Zealand's Auckland operations to bring classroom learning to life and hear stories about potential career pathways. To get a sense for study and life at QRC, 20 Tairāwhiti/Gisborne students were flown to Tai Tokerau to attend Experience QRC – a school holiday initiative



¹Source: Tourism Satellite Account 2019, Statistics New Zealand. ²Source: Mood of the Nation, March 2020, Tourism Industry Aotearoa and Tourism New Zealand.



for students in their final year of school. The experience enabled the group to better understand what residential tertiary study entails. Of the 20 students who attended, nine enrolled in a QRC programme (seven of these in Gisborne). In 2020, the first QRC student also completed their internship at Air New Zealand, assuming a variety of responsibilities, including a placement in our Brand team, the Academy of Learning and as an airport-based Holiday Host.

In November 2019 we partnered with the National Geographic Society to run photo camps in New Zealand communities to give underserved youth a voice through photography. National Geographic photographers travelled from across the world to provide guidance and expertise on photographic storytelling. The first camp, in Murupara, Bay of Plenty, involved twenty young locals spending five days exploring what it means to be a young Māori in Aotearoa, and learning how to use a camera to tell personal

stories. After the camp, the students presented their photos and essays to their families, peers, and local communities. We intend to conduct further photo camps in conjunction with National Geographic once border restrictions ease.



Maintaining key cargo links

In 2020 and in response to the Covid-19 pandemic impacting global supply chains and transport networks, our cargo operation repositioned to a cargo charter business to enable high-value export products from regional producers to continue to reach key global markets in the absence of passenger flying. In May, an International Airfreight Capacity Scheme commenced with the Ministry of Transport to add capacity and maintain key trade links. The agreement currently enables more than fifty Air New Zealand cargo flights per week to carry Kiwi products (such as lobster, salmon, flowers, and meat) to strategic trading ports in China, the United States of America, Australia and the Pacific Islands. To date we have seen 500 flights and 20,000 tonnes of cargo moved under the scheme, which has allowed exporters to keep their position in valuable markets.

The future of tourism

The New Zealand tourism industry is demonstrating huge resilience in managing the impacts of Covid-19 and no international visitors, while at the same time focusing on building a more sustainable tourism system for the future. The impact of Covid-19 has only heightened the complex issues that long distance travel creates for the industry, especially in terms of the related carbon emissions. These complexities will need to be untangled and addressed for New Zealand to continue with a strong and authentic sustainable tourism proposition. It has also highlighted the importance of domestic tourism as more New Zealanders are experiencing their own country. New Zealanders travelling domestically helps many tourism businesses, saves jobs and boosts regional economies. Our work with Tourism New Zealand and regional partners to promote domestic tourism has also helped to maintain regional air connectivity, with our domestic network ramping back up to around 85 percent of pre-Covid-19 demand.

The strong partnerships we have developed have been vital in allowing us to continue to support and work towards a sustainable tourism offering and successful regions. Shared goals create a shared momentum that will keep us all moving forward through challenging times.



Enhancing conservation outcomes with DOC

Our longstanding partnership with the Department of Conservation (DOC) has enabled more than 43,000 hectares of sustained pest control on six of New Zealand's iconic Great Walks, including 400 predator control traps being installed on the Paparoa Track on the West Coast, which opened in November 2019. In the past year, an additional 498 threatened species were translocated by the airline and 42 conservation dogs flown. A new safety video, [A Journey to Safety](#), was released with an associated campaign to highlight New Zealand's biodiversity crisis and the need to protect native birds. The video received more than 27.5 million views globally (the highest for an Air New Zealand video).

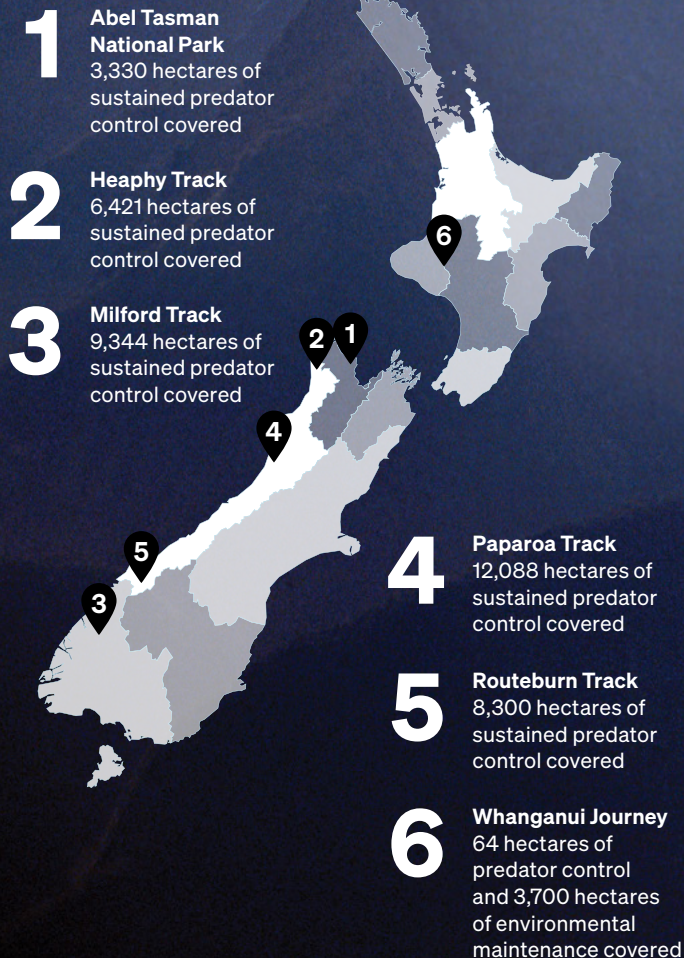


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— Key metrics

SUPPORTING OUR GREAT WALKS

Air New Zealand and DOC are working together to bring birdsong back to our Great Walks, currently covering six key projects.



FURRY AND FEATHERED FRIENDS TRANSPORTED FOR DOC

498 threatened species and 42 conservation dogs relocated including:



OUR LONGSTANDING RELATIONSHIP WITH DOC

We have played a key role in establishing increased sustained pest control to:

43,247

hectares on six Great Walks (including the Paparoa Track which opened in November 2019)



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Strengthening sustainable supply chains & reducing waste

In response to Covid-19, our supply chain had to adjust quickly to the changing demands of the business.

Despite this, our suppliers continue to maintain sustainable business practices previously agreed to ensure they remain compliant. As our supplier base begins to recover, this will allow for future opportunities to be identified and the furthering of our sustainability programme in this space. While Covid-19 has provided obstacles to setting and

achieving refreshed waste targets, Project Green has continued to deliver waste reduction and supply chain efficiencies. Reducing single-use plastics and working with our partners to expand available recycling and composting infrastructure remain priorities.



Working with our suppliers to create a sustainable supply chain

Covid-19 has had an unparalleled impact on Air New Zealand and our diverse range of suppliers. The repercussions of border restrictions and lockdowns on our operations have had vast flow-on effects for our highly valued suppliers. Despite this, suppliers representing 94.2 percent of Air New Zealand's spend¹ have now provided positive assurance of our Supplier Code of Conduct. This is an increase on the previous year (93.2 percent positive assurance) but falls short of our original 100 percent target by 2020. Gaining positive assurance from each of our suppliers is an intricate process. As such, we have focused resourcing on strategic and managed suppliers (contracted spend over \$150,000). We are currently scoping different digital tools to provide a more seamless and comprehensive assurance process that will support Air New Zealand in reaching the 100 percent target.

Palm oil identification in the supply chain continues to be a challenge due to the many guises palm oil can

have within various products. This is also hindered by regulation not requiring more specific labelling. This has made the process of identifying palm oil within our supply chain a labour-intensive process. Despite these challenges, one of our caterers, Compass NZ, was successfully certified as using 100 percent sustainable palm oil in the past year. To provide ongoing governance in relation to palm oil, [Air New Zealand's Palm Oil Position Statement](#) was refreshed in December 2019 to include updated Roundtable on Sustainable Palm Oil (RSPO) principles for certification and provide more robust monitoring and measuring. To acknowledge the critical role our suppliers play in palm oil identification processes, we now insert contractual obligations in all catering agreements to ensure palm oil compliance is maintained in accordance with the requirements set by the airline.



Reducing inflight waste through Project Green

Project Green continued to deliver waste reduction results in 2020. By reinjecting a range of sealed and completely untouched inflight product back onto flights, in FY20 alone, Project Green has saved 11,378,925 units at a weight of 142.7 tonnes of product from going to landfill and recycled 263 tonnes of glass. Since Project Green's inception, Air New Zealand has reinjected 435 tonnes of product back onto flights and recycled 593 tonnes of glass. Combined, this equates to over 25 A320 aircraft and over 33,701,279 total units recovered. Project Green remains operational in Auckland

and Los Angeles and will return to Christchurch, Wellington, and Queenstown once these ports resume international flights. While we planned to roll out Project Green in San Francisco, Chicago, and Houston in 2020, this has not been possible due to the impact of Covid-19 on our international network. We look forward to expanding the project to other ports when able.

Resetting waste targets

To develop robust and ambitious waste targets, consistent waste data is required. Unfortunately, due to our rapidly changing operations and the corresponding fluctuations in waste output, the increased use of non-recyclable PPE, and the loss of in-house contractor resource from our waste management supplier to work with us on minimising waste, such waste data was not sufficiently representative. As such, while we were intending to have refreshed waste targets in place, these are still under development. This will allow time to obtain more representative waste data and allow us to carry out waste audits to ascertain key waste reduction opportunities. Despite the new targets still being set, this has not fundamentally changed our continued efforts to

reduce waste to landfill, including current initiatives, such as Project Green, scoping the transition of further single-use plastic items on our flights to more sustainable alternatives, supporting the expansion of recycling and composting infrastructure, and embedding a waste minimisation culture throughout Air New Zealand. These initiatives, along with the new targets will further assist us in our drive towards instilling a circular economy approach within our supply chain.



¹ This excludes fuel and labour and is based on contestable spend (over \$150,000)

Supporting local communities

Due to our substantially reduced schedule, this year a range of inflight dry goods in our warehouses were surplus to requirements. After working with suppliers to return as much product as possible, hundreds of thousands of products remained that had limited shelf-life. This provided a unique opportunity to donate food products and materials to local New Zealand communities at a time when it was most needed and reduced unnecessary waste going to landfill.

Investing in sustainable property

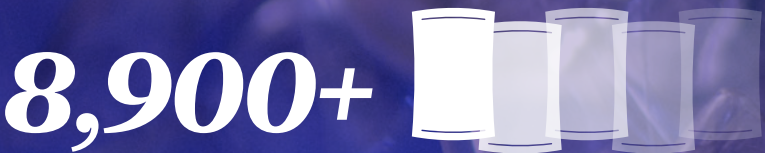
In 2020, our new distribution centre at Auckland Airport was awarded a 5-Star Green Star NZ – Industrial Design certified design rating. The Green Star rating demonstrates New Zealand excellence and leadership in green building. To achieve the rating a range of factors are considered including energy, water, materials, Indoor Environment Quality, transport, land use and ecology, management, emissions, and innovation. Particular sustainability highlights of the new warehouse include maximising natural ventilation and lighting, and using harvested rainwater for toilet flushing and water-efficient tapware. Given the long-term nature of built infrastructure, we recognise the importance of investing in new low-impact, sustainable builds to deliver ongoing efficiencies in our supply chain.





— Key metrics

DONATIONS TO LOCAL COMMUNITY PROGRAMMES



inflight blankets to a range of charitable organisations, including New Zealand Red Cross, SPCA, VisionWest, Foster Hope, Middlemore Foundation and Kidz First Community Health Service

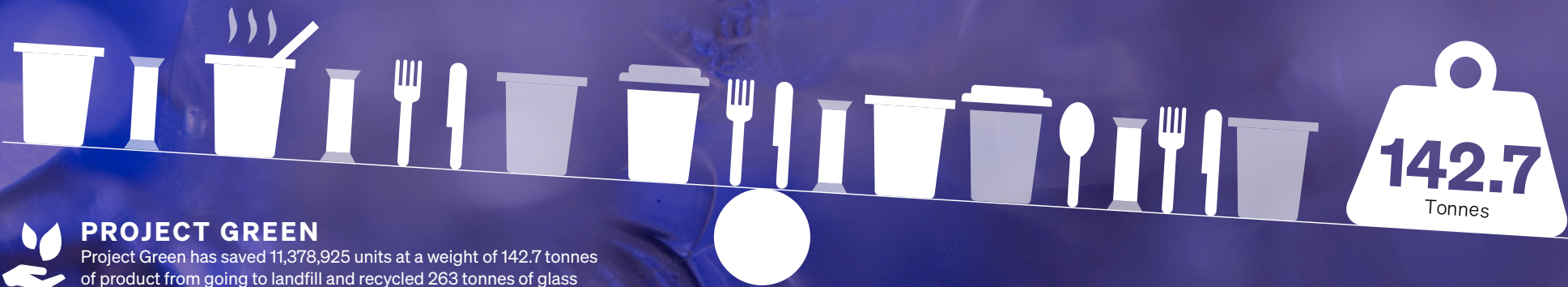


Cookie Time cookies shared with charities, essential worker groups and social enterprises



dry goods such as muesli, crackers and sauces redistributed to New Zealand food banks

TOTAL WEIGHT OF ITEMS REINJECTED ONTO OUR AIRCRAFT AS A RESULT OF PROJECT GREEN IN THE 2020 FINANCIAL YEAR



PROJECT GREEN

Project Green has saved 11,378,925 units at a weight of 142.7 tonnes of product from going to landfill and recycled 263 tonnes of glass



— Sustainability dashboard & performance metrics

Air New Zealanders

Target	Baseline Year	2018	2019	2020	Status
Increase representation of Māori and Pasifika in Management positions thorough the organisation to 20% by 2022	13% (FY18)	13%	15.4%	17%	
Reported rate of injuries ¹ reducing by 15% year-on-year resulting in a rate of less than 10 by end FY20 (against FY17)	Reported rate of injuries of 14.8 (FY17)	Reported rate of injuries of 11.2 and 215 employee injuries (25% decrease from FY17)	Reported rate of injuries of 10.3 and 179 employee injuries (38% decrease from FY17)	Reported rate of injuries of 5.1 and 103 employee injuries (64% decrease from FY17)	
90% execution of Critical Risk Management (CRM) Plans with controls tested by end FY20	25% of CRM Plans in place with controls tested (based on Critical Risks Gap Analysis) (FY17)	All critical risks and controls are registered in the Enterprise Risk Register	All critical risks and controls are registered in the Enterprise Risk Register	All critical risks and controls were registered in the Enterprise Risk Register Risk control improvement plans now being implemented	
Achieve an average Flourishing Scale ² score of 45 or better by end FY20 against FY17	Establishing baseline in FY17	47.0	47.0	N/A ³	N/A
75% employee engagement by end FY20 (The last survey was in 2018)	67% (FY14)	71%	71% (FY18) ⁴	N/A ⁵	N/A
50% Senior Leadership Team (SLT) female by end FY20	16% (Jan 2013)	39%	44%	51% ⁶	
70% of our SLT alumni Executive level or Non-Executive Director or SLT roles in organisations with New Zealand Interests	86%	86%	75%	N/A ⁷	N/A
Increased proportion of employees who participate in community programmes	N/A	276 employees participated in community programmes	497 employees participated in community programmes	Many employees participated in community programmes in FY20 including volunteering with the New Zealand Red Cross to pack parcels for hope and the Department of Conservation with a pāteke release in the Arthur Valley. Employees also volunteered with local food banks and charitable organisations during Covid-19 alert levels 3 & 4. Due to Covid-19 and the restrictions on gathering sizes, the majority of our volunteering activity was paused in FY20.	

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¹ Based on TRFIR rate: injuries (medical treatment and lost time incidents) x 1,000,000/actual hours worked. ² The Flourishing Scale is designed to assess an individual's psychological resources and strengths and their ability to live life with purpose and happiness. ³ Wellbeing 360 survey not conducted due to Covid-19. ⁴ Your Voice employee engagement survey conducted on bi-annual basis using Aon Global engagement methodology. ⁵ Your Voice employee engagement survey cycle paused due to Covid-19. ⁶ This percentage relates to the newly formed Airline Leadership Team (ALT) which replaced the SLT in the 2020 calendar year. Across all employees, 57.6% identify as a man, 42.4% identify as a woman, and 0.1% identify as gender diverse. ⁷ Data not able to be obtained due to the impact of Covid-19.



Our Communities

Target	Baseline Year	2018	2019	2020	Status
Impactful projects implemented in East Coast (Tairāwhiti) and Northland (Te Tai Tokerau) to drive social and economic benefit	N/A	<ul style="list-style-type: none"> Product development project implemented to support capability to bring three cultural tourism products to market (Mount Hikurangi, Waka Hourua and Chardonnay Express) Air New Zealand and Ngāti Porou partnership agreement signed Scoping of measurement framework commenced (to measure social, economic and environmental progress in region)¹ 	<ul style="list-style-type: none"> Product development project implemented in Tairāwhiti which supported launch of two cultural tourism products (Mount Hikurangi and Waka Hourua). Both tourism experiences received Qualmark Gold accreditation Strategic partnership with Queenstown Resort College's Paihia campus launched to support youth in regional New Zealand meet their potential by fostering clear pathways into study and employment Ngāti Porou smoked fish on board Tasman and Pacific Islands flights 	<ul style="list-style-type: none"> Air New Zealand, in partnership with Trust Tairāwhiti launched a destination marketing campaign in February inspiring Kiwis to visit Tairāwhiti Gisborne. The 'See Gisborne in a new light' campaign showcased visitor experiences in the region; from spectacular beaches and cultural experiences to exceptional food and wine The Strategic partnership with Queenstown Resort College's Paihia campus to support youth in regional New Zealand meet their potential by fostering clear pathways into study and employment continued and developed in FY20 Ngāti Porou smoked fish on board Tasman and Pacific Islands flights² 	
Community activities implemented in every New Zealand region Air New Zealand flies to (20 ports)	N/A	<ul style="list-style-type: none"> Activities implemented in 18 ports Airpoints™ for Schools covered off all but 7 ports Two ports were not delivered to — Blenheim and Hokitika 	<ul style="list-style-type: none"> Significant community activity throughout the regions with the involvement of Koru Care Dreamliner flight Airpoints™ for schools in 10 schools, located across 8 ports 	<ul style="list-style-type: none"> The Airpoints for Schools programme had some travel that was impacted. We are working with the chosen schools to reschedule them on their educational travel Covid-19 also had a significant impact on our Koru Care partnership. With no possibility of offshore travel we had to cancel offshore Koru Care trips planned in FY20. We are working to continue our support in FY21 	
Full compliance with ICAO noise standards for aircraft fleet	N/A	<p>No notified noise breaches in FY18</p> <p>Achieved full compliance with ICAO noise standards</p>	<p>No notified noise breaches in FY19</p> <p>Achieved full compliance with ICAO noise standards</p>	<p>No notified noise breaches in FY20</p> <p>Achieved full compliance with ICAO noise standards</p>	
Red Cross supported to respond to all disasters in New Zealand and the South Pacific	N/A	<p>Cargo provided support to MFAT, Red Cross, and UNICEF following Cyclone Gita in Tonga</p> <p>17 tonnes of humanitarian relief including, but not limited to, the following items; Blankets, Jerry Cans, Kitchen Sets, Solar Lamps, Mosquito Nets, Shelter Tool Kits, Tarpaulins and Generators</p>	<p>Members of Air New Zealand's Special Assistance Team (SAT) were deployed to assist Air New Zealanders and their family and friends affected by the Christchurch Mosque attack</p>	<p>Members of Air New Zealand's Special Assistance Team (SAT) were deployed to assist survivors and their families affected by the Whakaari White Island eruption.</p>	

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¹ In FY19 target was adapted to focus approach on the East Coast to have maximum impact. ² Served on flights up until March 2020, as menus had to be simplified due to the impact of Covid-19.



Carbon

Target	Baseline Year	2018	2019	2020	Status
Increase number of customer journeys offset voluntarily	FY18	130,282	183,624	243,132	
1.5% average annual improvement in aviation fuel efficiency (2009-2020) ¹	0.93t CO ₂ -e per revenue tonne kilometre (FY09)	1.1% improvement compared to FY17 21.4% improvement compared to FY09 (2.4% average annual improvement)	1.1% degradation compared to FY18 20.3% improvement compared to FY09 (2.0% average annual improvement)	3.1% degradation compared to FY19 ⁵ 18.3% improvement compared to FY09 (1.8% average annual improvement)	
Carbon Reduction Programme implemented in line with IATA audit recommendations	N/A	The Carbon Reduction Programme saved 3,633,950kg of fuel or 11,468 tCO ₂ -e. This is comprised from the following initiatives: Acceleration altitude 415,936kg fuel (1,310 tCO ₂ -e), Ground Power 2,015,000kg fuel (6,367 tCO ₂ -e), Lightweight LD3 Unit Load Devices 1,128,014kgs fuel (3,553 tCO ₂ -e) and RNP(AR) approaches in Christchurch 75,000kg fuel (237 tCO ₂ -e).	The Carbon Reduction Programme saved 4,780,000kg of fuel or 15,084 tCO ₂ -e. This is comprised from the following initiatives: Acceleration altitude 574,600kg fuel (1,813 tCO ₂ -e), Ground Power 2,637,000kg fuel (8,322 tCO ₂ -e), Lightweight LD3 Unit Load Devices 1,219,000kg fuel (3,847 tCO ₂ -e), RNP(AR) approaches in Christchurch 152,000kg fuel (480 tCO ₂ -e), and 197,000kg fuel (622 tCO ₂ -e) from on-board weight reduction.	The Carbon Reduction Programme saved 3,341 t of fuel or 10,557 tCO ₂ -e. This is comprised from the following initiatives: flight path efficiencies 698t fuel (2,203 tCO ₂ -e), Ground Power 2,372t fuel (7,495 tCO ₂ -e), Lightweight LD3 Unit Load Devices 155t fuel (490 tCO ₂ -e), and 116 t of fuel (366 tCO ₂ -e) from on-board weight reduction.	
5% annual reduction in electricity use against 2011 baseline	56,210,433 kWh (FY11)	0% reduction compared to FY17 ² 43% reduction compared to FY11	6.5% reduction compared to FY18 46% reduction compared to FY11	3.4% reduction compared to FY19 48.4% reduction compared to FY11	
100% electric vehicles in light ground fleet (where feasible) ³ by end FY30	0% (FY15)	Complete data for entire light vehicle fleet not available for 2018	92% Electric Vehicles where feasible 56% of full fleet are Electric Vehicles	85% Electric Vehicles where feasible (68 of the 80 applicable vehicles) 55% of full fleet are Electric Vehicles	
100% electric Ground Service Equipment (where feasible) ³ by end FY23	32% (FY15)	51.5%	62.1%	69.0%	
82% diversion from landfill at Auckland ground sites by end FY19 (zero waste to landfill by end FY20) ⁴	65% (FY15)	73.4%	75.0%	52.6%	
75% diversion from landfill at non-Auckland ground sites by end FY19 ⁴	71.8% (FY17)	68.3%	68.2%	36.0%	
50% international inflight dry waste diverted from landfill at Auckland by end FY19	49.6% (FY17)	46.2%	43.0%	N/A ⁶	N/A
50% of domestic jet inflight waste diverted from landfill by end FY19 ⁴	28.8% (FY17)	37.1%	39.6%	12.4%	

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1 IATA industry target. **2** Going forward future gains in electricity reduction will be incremental as our energy reduction program has reached the point where major reductions and easy wins have been achieved. We will continue to focus on maintaining achieved reductions. **3** Where feasible refers to availability of electric models for operational requirements. **4** Claim relates to the specific locations/sites that the waste contractor services directly. **5** Predominantly due to the global Rolls Royce Trent 1000 engine issues resulting in less fuel-efficient aircraft being substituted on routes and the impact of Covid-19 on payloads, mandated social distancing requirements and network changes negatively impacting fuel efficiency. **6** The facility that processes our international inflight dry waste has not been processing this waste since level 4 lockdown due to the risk of contact with Covid-19. This data is therefore not comparable to previous years.



Nature & Science

Target	Baseline Year	2018	2019	2020	Status
Support six biodiversity projects with DOC and iwi partners on New Zealand Great Walks	Projects active on three Great Walks (Lake Waikaremoana on hold), species transfer programme fully supported (FY16)	Projects active on five Great Walks: Whanganui River Journey, Abel Tasman Coastal Track, Heaphy Track, Milford Track, and Routeburn Track (Lake Waikaremoana on hold). Species transfer programme fully supported.	Projects active on six Great Walks: Whanganui River Journey, Abel Tasman Coastal Track, Heaphy Track, Milford Track, Paparoa Track and Routeburn Track (Lake Waikaremoana on hold) ¹ . Species transfer programme fully supported.	Projects active on six Great Walks: Whanganui River Journey, Abel Tasman Coastal Track, Heaphy Track, Milford Track, Paparoa Track and Routeburn Track. Species transfer programme fully supported.	
Maintain zero environmental non-compliances	Zero environmental non-compliances as at end FY15	Zero environmental non-compliances as at end FY18	One environmental non-compliance Underground fuel tanks (at Auckland Engineering & Maintenance) failed to meet HSWA (Hazardous Substances Regulation). A compliant above ground tank was operational by the end of July 2019.	Zero environmental non-compliances as at end FY20.	
IEnvA stage 2 certification via IATA (Core activities-Flight Operations & Corporate by end FY19) FY19 Target: IEnvA recertification via IATA with scope extended to include all activities	N/A	IEnvA stage 2 certification achieved	IEnvA stage 2 certification achieved	IEnvA stage 2 certification achieved. In FY20, the scope of the certification was extended beyond Flight Operations and Corporate to include national Cargo; Maintenance Repair Organisations; Ground Services; and Auckland Airport.	

Tourism

Target	Baseline Year	2018	2019	2020	Status
Increase proportion of international visitors on Air New Zealand travelling during shoulder season relative to peak ²	N/A	48.4%	47.8%	N/A ³	N/A
Promote Tourism New Zealand's Qualmark certification and certified organisations	N/A	Achieved Qualmark Gold Award Investigating opportunities to promote Qualmark organisations through Air New Zealand channels	A project was in development that would enable Air New Zealand to promote and sell Qualmark activities	Air New Zealand supported the 100% Pure Experience Awards that recognised Qualmark endorsed tourism operators going above and beyond to create exceptional experience for visitors and local communities alike. A new website; airnewzealand.co.nz/ sustainableactivities, launched in March 2020 to promote activities and attractions awarded a Qualmark endorsement for their commitment to quality, safety and sustainability.	

Trade & Enterprise

Target	Baseline Year	2018	2019	2020	Status
100% of suppliers providing positive assurance of our Supplier Code of Conduct by 2020	0% (FY15) New Code of Conduct launched	Suppliers representing 93.0% of our spend ⁴ provided positive assurance	Suppliers representing 93.2% of our spend ⁴ provided positive assurance	Suppliers representing 94.2% of our spend ⁴ provided positive assurance	
Increase annual volume of New Zealand exports on Air New Zealand	42,000 tonnes (FY17)	41,000 tonnes	38,600 tonnes	35,045 ⁵ tonnes	

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 SOME PROGRESS
 IN PROGRESS
 SIGNIFICANT PROGRESS
 ACHIEVED

¹ The Lake Waikaremoana project did not proceed to full development and implementation phase. ² Inbound shoulder season (April to November) arrivals on Air New Zealand Source: Statistics New Zealand, International Visitors. ³ Due to the impact of Covid-19 this data was not comparable to previous years. ⁴ This excludes fuel airport fees, aircraft, taxes, and labour. Where supply agreements are not in place, Air New Zealand's purchase order terms and conditions are used to apply the Supplier Code of Conduct where the supplier spend is below \$150,000. ⁵ The cancellation of Air New Zealand's Shanghai service early in the 2020 calendar year due to Covid-19 in China, significantly impacted on volumes and the ability to move key perishable products to market in China, such as lobsters.

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