

SUSTAINABILITY REPORT

2022



Contents

- 03** Letter from the Air New Zealand Chair and Chief Executive Officer
- 04** Governance of sustainability at Air New Zealand and our reporting approach
- 05** Q and A with the Chair of Air New Zealand's Sustainability Advisory Panel
- 06** About Air New Zealand and our Sustainability Framework
- 29** Fundamental metrics table

Sections

- 09** **01**
 Te manaaki i ngā tāngata o Aotearoa
 Caring for New Zealanders
- 13** **02**
 He mahinga taiao tūturu
 Genuine climate action
- 22** **03**
 Te whai i te ōhanga whai hua
 Driving towards a circular economy
- 25** **04**
 He Tāpoi Mau Roa
 Sustainable tourism



Letter from the Chair and Chief Executive Officer



Greg Foran
Air New Zealand
Chief Executive Officer

Dame Therese Walsh
Air New Zealand
Chair

As the world reopens, it's clear the climate crisis is continuing to accelerate rapidly. We are acutely aware that in order to continue to connect Kiwis to the world and the world to us, we must work hard to reach net zero carbon emissions by 2050.

We're seeing travel bounce back much quicker than anticipated and have full flights reconnecting families, friends and colleagues from around the globe. International tourists are once again back on our shores and we're continuing to share New Zealand's quality exports with the world. But we're leaning into the challenges we face as we seek to take genuine action on climate change. As a small island nation, we're dependent on our connections to the world, and we must find a more sustainable way to fly if we want to ensure our tourism and export industries continue to thrive.

This year, we embarked on our most important journey yet – Flight NZO™. Flight NZO™ is not just a name, it's a commitment to all New Zealanders that we will find a more sustainable way to connect with the world. It's a journey to a new era of air travel. One that actively reduces the carbon we emit, until we reach our net zero by 2050 goal.

To guide us and keep us accountable we have set an interim 2030 science-based carbon reduction target, validated by the Science Based Targets initiative. We were the second airline in the world to announce a target with this prestigious validation. We know achieving the target will be hard, but we are committed to taking genuine action on climate change and believe our airline will be more resilient as a result.

The use of sustainable aviation fuel (SAF) is the single biggest decarbonisation lever we can pull. There is no SAF produced in New Zealand, so this year we have partnered with the government to scope the feasibility of domestic SAF production. We have also received our first delivery of SAF to New Zealand and are aiming for 1 percent of our fuel to be SAF in 2023.

We have also continued to lead in innovation, releasing our Zero Emissions Aircraft Product Requirements Document to the market signaling our ambition to fly zero emissions aircraft in New Zealand. It outlines what we as an airline require to introduce this technology into our fleet, and further solidifies that when the technology is ready, we are too. Along with the learnings from our first year of partnership with Airbus researching the operation of hydrogen powered aircraft, we firmly believe both New Zealand and Air New Zealand are uniquely placed to lead the world in the deployment of zero emissions aircraft.

There's also been innovations made in flight. We're introducing more sustainable serviceware on our international flights this October allowing us to reduce both our single-use plastic in our Economy cabin and the weight of our serviceware in the Premium cabins.

Once more, the Air New Zealand whānau has continued to go above and beyond, restarting the airline at scale, dealing with complex operational challenges, launching and completing a significant capital raise and progressing our ambitious sustainability agenda. The collective mahi, resilience and commitment of our people continues to inspire us and we are immensely proud of all we have achieved.

Our Sustainability Advisory Panel, continue to walk beside the Board and Executive on our journey bringing robust critique, inspiration and a wealth of knowledge and experience ([see page 4](#)).

We are proud of where we are on our journey, but there remains much more to achieve. In November we will welcome our first Chief Sustainability Officer into the Executive team. This appointment will build on the foundation we have already laid and signal a step change for sustainability at Air New Zealand.

As we reflect on 2022 and look to the future, we'd like to extend a thank you to the Air New Zealand team for its unwavering dedication, to our customers for continuing to challenge us and hold us to account, and to the Sustainability Advisory Panel for helping to guide us towards our goals.

Ngā mihi

Dame Therese Walsh
Air New Zealand
Chair

October 2022

Greg Foran
Air New Zealand
Chief Executive Officer

October 2022



Governance of sustainability at Air New Zealand

The Air New Zealand Board of Directors have overarching responsibility for sustainability and provide direction, guidance and strategic consideration of the sustainability agenda.

The Board meet with our external Sustainability Advisory Panel on an annual basis. In addition to regular reporting from management to the Board, more detailed oversight of elements within the Sustainability Framework is exercised through the Board's People Remuneration & Diversity Committee, Health, Safety & Security Committee, and Audit & Risk Committee. In 2022, a Quarterly Business Review (QBR) process was established across the airline. Every quarter, business priorities, including those relating to sustainability, are identified and agreed, to ensure the airline is able to deliver its stated priorities in that quarter. The Sustainability team reports to the Executive on how we are

tracking against our Kia Mau strategic priorities each month, and our progress against our objectives, key results, and key performance indicators that are set as part of the QBR process.

Our Sustainability Advisory Panel meet twice a year to independently advise and challenge all aspects of our sustainability journey. Panel members, with their wide range of expertise, also provide guidance to Air New Zealand in between these meetings, including on the ongoing implementation of our decarbonisation roadmap. Members of Air New Zealand's Board and Executive team join Sustainability Advisory Panel meetings. To find out more about the panel, click [here](#).

Our reporting approach

This Sustainability Report provides an update on progress made to deliver on our Sustainability Framework and how the airline has tracked against our key targets.

Data and commentary in the Report is for the financial year ended 30 June 2022 unless otherwise stated.

Air New Zealand's organisational boundary for sustainability reporting encompasses the companies listed on page 4 of [Air New Zealand's 2022 Greenhouse Gas Inventory Report](#).

Deloitte Limited was engaged to provide reasonable assurance over the scope 1 and scope 2 components of the 2022 Greenhouse Gas Inventory Report detailed in this Sustainability Report, and limited assurance over the scope 3, category 3 components. The remaining categories of scope 3 emissions were not subject to consideration by Deloitte Limited. Refer to the Appendix at pages 10 and 11 of the [2022 Greenhouse Gas Inventory Report](#) for Deloitte Limited's Independent Assurance Report.

We welcome feedback and comments – please contact us at sustainability@airnz.co.nz

Sustainability Advisory Panel members



Sir Jonathon Porritt

Founder of Forum for the Future, Advisory Panel Chair and sustainability thought leader



Dr Susanne Becken

Director of Griffith Institute for Tourism and Professor of Sustainable Tourism, Griffith University, Australia



Katherine Corich

Chairman and Founder of Sysdoc and Non Executive Director of the Civil Aviation Authority (UK)



Professor Tim Jackson

Professor of Sustainable Development, University of Surrey, Director of the Centre for the Understanding of Sustainable Prosperity



Sam Mostyn AO

Non-Executive Director and Sustainability Adviser



Nadine Toe Toe

Director of Kohutapu Lodge & Tribal Tours



Q and A with the Chair of the Sustainability Advisory Panel



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

Q We often refer to the Sustainability Advisory Panel as our critical friends. What do you consider the most valuable aspect of the Panel?

A At one level, this is very simple. All Members of the Advisory Panel readily acknowledge the critical role that aviation plays in the lives of so many people today – whilst being more aware than most of the cumulative impacts of the industry globally. And all Members of the Panel are comfortable ‘rooting for’ Air New Zealand, persuaded as we are of its sincerity of intent – but without ever giving our Air New Zealand colleagues an easy time!

At another level, it’s much more complicated. As completely independent advisors, we have to be aware of what lies within Air New Zealand’s direct control (where we feel we can push very hard indeed), and what can only get sorted in partnership with government, investors, with a wide range of partners – and, of course, with customers. Here it’s much more nuanced. There’s not much we can do, for instance, to influence government policy or to help customers get more enthusiastic about Air New Zealand’s excellent FlyNeutral scheme – which they so obviously should be!

The line between direct and indirect control is often blurred. For instance, it’s disappointing that Air New Zealand has made little progress over the last year on its target to reduce the percentage of its waste going to landfill (see page 23). But there are many other players involved – and some are significantly more proactive than others. We know that it requires a special kind of leadership to put up with the critical bit as well as the friendly bit!

I’m not sure how many Air New Zealand colleagues thanked us for describing its overall challenge as ‘becoming the world’s least unsustainable airline’, highlighting the temporary impossibility for any airline becoming genuinely sustainable. But that of course is the truth of it – and that’s still a pretty good ambition for Air New Zealand from our point of view.

Q What are the greatest challenges that lie ahead for Air New Zealand?

A There can be few people who now doubt that accelerating climate change represents a massive challenge for governments and businesses the world over. But not many yet understand the true nature of this crisis, with disruption from more and more climate-induced disasters becoming ever more deadly – and costly.

Air New Zealand has recognised this challenge for a long time, and is only too aware of the limitations of the technological solutions available to it. In that regard, its most important decarbonisation commitment is to source 10 percent of its fuel from sustainable aviation fuels by 2030, along the way to its net zero target by 2050. 10 percent may not sound much, but given the state of the SAF industry today, that’s massive.

It’s not like just ordering in a gallon of SAF rather than a gallon of conventional jet fuel! Where is it coming from? Who says any particular SAF feedstock is genuinely sustainable? Who verifies all the data involved all the way along the supply chain? How will an airline manage the fact that a gallon of SAF costs between two and five times as much as a bog-standard, climate-wrecking regular gallon?

Q What are the greatest opportunities for Air New Zealand to decarbonise the airline and what progress has the airline made so far?

A There will be some airlines that get really good at this and other climate challenges, and many that don’t. Air New Zealand has made a great start by becoming only the second airline in the world to have its science-based target officially

validated back in July – committing to reduce carbon intensity by 28.9% by 2030, from a 2019 baseline.

As you’ll have seen from the letter from the Chair and Chief Executive Officer, all this lies right at the heart of Air New Zealand’s strategy. And that means bringing all Air New Zealanders together on that climate journey, and across the whole of the Sustainability Framework (see page 8). The Panel has consistently kept up to date with the latest developments on all four principal areas, including the work done by the airline on Diversity, Equality and Inclusion, and the critical role of its employee networks. It’s hugely encouraging to see the progress made across that Framework.

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

October 2022



About Air New Zealand

With borders reopening and significant appetite from New Zealanders and the rest of the world to reconnect, Air New Zealand is firmly in the revive phase of its recovery.

In 2022 we flew more than 7.7 million customers, operated 123,614 flights, and carried 108,000 tonnes of cargo around the globe, including close to 44,000 tonnes of New Zealand exports, and a further 7,000 tonnes flown on the domestic network.

Air New Zealanders have gone above and beyond to restart the airline, working in a complex and ever-changing operational environment. It is this resolve and passion that Air New Zealanders have exhibited that make the airline well placed to face even greater challenges, like the climate crisis.

Over the last two years, the airline has taken the opportunity to set itself up for success. With a robust Sustainability Framework in place and ambitious targets to guide its delivery, the airline has a flight path to a sustainable future.



7.7M

customers flown



20

domestic network regions serviced across New Zealand



28

international ports Air New Zealand flies to across Australia, the Pacific Islands, North America and Asia



#1

World's safest airline¹



108,000

tonnes of cargo carried around the globe and a further 7,000 tonnes carried on the domestic network



3.1M

social media fans



3.8M

Airports™ members, up 4.5 percent from the prior year



FTSE4Good

Air New Zealand is a constituent of the FTSE4Good Index Series²



¹ As selected by AirlineRatings.com in 2022. ² The FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices.



Our Sustainability Framework

Our Sustainability Framework was renewed in 2021 and details the four priorities of our sustainability agenda, which this Sustainability Report is framed around:

- Caring for New Zealanders
- Genuine climate action
- Driving towards a circular economy
- Sustainable tourism

Each pillar of the Framework contains key focus areas and targets to drive ambitious action and hold us to account. The focus areas and targets are reviewed and externally reported on annually to ensure activity related to the airline's most material issues remains relevant, targeted and has the most significant positive impact.

In addition, initiatives to progress our sustainability agenda are identified each quarter as part of the Quarterly Business Review process.

Framework development

To develop Air New Zealand's Sustainability Framework, we considered feedback from our stakeholders, including customers, investors, communities and partners, as well as the following stakeholder groups:

- Air New Zealand's Board of Directors
- Air New Zealand's Executive
- Air New Zealand's Airline Leadership Team
- Air New Zealand's independent Sustainability Advisory Panel
- Key industry and sustainability bodies³

This consultation provided a foundation for our materiality assessment and enabled us to consider the feedback alongside the company's strategic priorities, key risks and opportunities, and competitive environment.

We then interviewed key internal subject matter experts from across the business, and asked stakeholders to identify environmental, social and governance opportunities and risks related to Air New Zealand's operations over the short, medium and long-term, as well as rate the extent to which these impacted the following factors:

- Significance of the issue to stakeholders
- Importance of the issue to Air New Zealand
- Air New Zealand's ability to control and/or influence the issue

The material issues identified through this consultation process were then shared with our Sustainability Advisory Panel, the Executive and the Board of Directors for further consultation as part of Kia Mau, our company-wide strategy reset.

The insights gained from this materiality assessment and continued engagement with our key stakeholders enabled us to identify the four priorities of our Sustainability Framework.

Sustainable Development Goals

The Sustainable Development Goals were adopted by the United Nations in 2015 as a universal call to action to end poverty, protect the planet, and ensure that by 2030 all people enjoy peace and prosperity.

Air New Zealand has the ability to positively impact ten of the sustainable development goals through the four priorities of our Sustainability Framework.

3 GOOD HEALTH AND WELL-BEING

4 QUALITY EDUCATION

5 GENDER EQUALITY

7 AFFORDABLE AND CLEAN ENERGY

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

10 REDUCED INEQUALITIES

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

15 LIFE ON LAND

³ For more information on our stakeholder engagement, click [here](#).

Sustainability Framework



Te whakakaha i te manaakitanga o te tangata, o te hapori, o te motu whānui me te ao hoki
Empowering care of our people, communities, country and planet

Our priorities



Te manaaki i ngā tāngata o Aotearoa
Caring for New Zealanders



He mahinga taiao tūturu
Genuine climate action



Te whai i te ōhanga whai hua
Driving towards a circular economy



He Tāpoi Mau Roa
Sustainable tourism

Our focus areas

- Care for Air New Zealanders and nurture a diverse, equitable and inclusive workplace
- Care for our customers and communities
- Support New Zealand's social and economic revival

- Decarbonisation target and roadmap
- Customer education and engagement on climate action
- Strong governance and climate-related disclosures
- Support biodiversity and native forestry offsetting

- Design and procure with a circular mindset
- Reduce single-use plastics
- Support new infrastructure and innovation
- Drive waste minimisation culture and awareness
- Diversion from landfill

- Sustainable tourism thought leadership for New Zealand
- Endorse Qualmark
- Embrace Tiaki Promise and conservation in regions
- Support regional and Māori tourism

Our targets

- Air New Zealand's employee engagement score being in Glint's Global Top 20% Engagement Index¹.
- Grow access to employee wellbeing tools.
- Establish a baseline of Air New Zealand spend with Māori and Pasifika-owned businesses and social enterprises by 2022.
- Better connecting New Zealand exporters to the world by increasing cargo load factors on our widebody international network to 85%² by 2025 (from 67% in 2019).

- Set a science-based carbon reduction target.
- Net zero emissions by 2050.
- 10% of Air New Zealand's total fuel uplift is SAF by 2030.

- Removal of 50% of forecasted single-use plastic items on our international flights by 2023 from a 2021 baseline³. This amounts to the removal of over 28 million forecasted single-use plastic items.
- 65% of total solid waste diverted from landfill by 2023⁴.

- Increase annual growth in bookings for Qualmark awarded operators on Air New Zealand's website by 100% by 2023 from a 2021 baseline.
- 60% of New Zealanders aware of Tiaki Promise by calendar year 2023⁵.

1. Glint's Global Top 20% Engagement Index is based on employee survey results across more than 750 companies surveyed around the globe and 175 million data points.

2. Based on the volumetric utilisation of available belly capacity (including passenger bags) unless a 100% gross weight load factor is achieved sooner.

3. The 2021 baseline value was adjusted to reflect the updated forecasts for passenger volumes as of May 2020.

4. This target covers Air New Zealand's domestic ground sites and airports serviced by our main waste provider.

5. As measured by Air New Zealand's Market Monitor that surveys 300-400 New Zealand travellers each month.





01



Te manaaki i ngā tāngata o Aotearoa Caring for New Zealanders

It has been a year of recovery and regrowth for the airline as borders have reopened and we have welcomed people back to our Air New Zealand whānau and the country. Nurturing our employees through this extensive time of change has been paramount. Supporting local businesses and communities is something we are proud of. This year the focus has been on keeping Kiwi exports moving around the motu and the globe, and building a solid foundation to grow our engagement with Māori and Pasifika-owned businesses and social enterprises.



Air New Zealand's employee engagement score being in Glint's Global Top 20% Engagement Index.

2022 progress:
Air New Zealand's engagement index score as at May 2022 was 68¹ (compared with the Global Top 25%² benchmark of 79).



Grow access to employee wellbeing tools.

2022 progress:
The utilisation rate of support tools was 21.3% in 2022³, up from 15.6% in 2021.



Establish a baseline of Air New Zealand spend with Māori and Pasifika-owned businesses and social enterprises by 2022.

2022 progress:
Baseline data collection has commenced, and the airline will establish a supplier diversity target by the end of calendar year 2022.



Better connecting New Zealand exporters to the world by increasing cargo load factors on our widebody international network to 85% by 2025 (from 67% in 2019).

2022 progress:
82% load factor for 2022 on our widebody international network.

¹ This score is out of 100 and based on the responses to two questions in our Employee Survey which is run quarterly on the Glint platform – "How happy are you working at Air New Zealand" and "I would recommend Air New Zealand as a great place to work". Responses are measured on a 5-point scale. ² In 2022, Glint amended its top engagement threshold from 20 percent to 25 percent. As at 30 June 2022, the Glint Global Top 25 percent engagement threshold was an engagement index score of 79. ³ The EAP Association guidelines suggest that a utilisation rate over 6 percent is an indication of EAP being used as a proactive wellbeing service, whereas less than 6 percent indicates it is more reactive. Air New Zealand aims to maintain a utilisation rate of support services above 10 percent.



He toa takitini — care for Air New Zealanders

As an airline we are all about people, we endeavour to instil a culture of manaaki for our employees so they can do the same for our customers and the communities we serve.



Hearing from our people

To understand how we can best support our people, we need to listen to them. Last year we introduced a quarterly Employee Survey to get regular feedback.

Based on the feedback we have received, we have made changes to our recognition and induction programmes, and we have reworked our strategy to clarify how Air New Zealanders can help us deliver our purpose of connecting New Zealanders to each other and the world – no matter where they work in the business.

It has been another challenging year for our people, with uncertainty linked to Covid-19, and the restarting of large parts of the organisation bringing change and pressure. Although we have seen a slight drop in our engagement index score⁴ over the past year, this relatively stable engagement score illustrates the continued pride held by Air New Zealanders and ongoing belief in the airline.

We have introduced a new way of working to help us reach our Full Potential. Implementing an agile way of working will allow Air New Zealanders to learn, grow and connect while improving collaboration and empowerment. As part of our Full Potential Transformation, we have reinvigorated our values as we look to enhance our culture, sharing how every Air New Zealander can live these values in their day-to-day roles, and ultimately help everyone unleash their full potential.

Our values

Share your AOTEAROA

CANDO.

BeYourself

Welcome as a friend

⁴ 68 in May 2022 vs 71 in May 2021.



Mangōpare leadership development programme graduation

Ko au ko koe, ko koe ko au — Supporting and celebrating our people through our commitment to diversity, equity and inclusion

Air New Zealand's vibrant and diverse workforce is a snapshot of Aotearoa.

At the heart of our Diversity, Equity & Inclusion strategy is a vision to continuously evolve our workplace to make it an inclusive environment where every Air New Zealander embodies our 'Be Yourself' value each day.

Our ten Employee Networks are the cornerstone of our strategy, supporting our people and advocating for positive change. Not only do they run events for our people, they support the renewals of our Gender, Rainbow and Accessibility Ticks, and advocate for and lead the launch of initiatives, such as te reo Māori courses and the introduction of the Sunflower lanyard in airports and on board our aircraft to recognise those with hidden disabilities.

Retention and attraction of diverse talent is also key to delivering on our strategy. Over the past year we have continued our Mangōpare leadership development programme for aspiring leaders of

Māori and Pacific Islands descent. This programme is creating a talent pipeline to help us support our target of 20 percent Māori and Pasifika representation in leadership roles by 2025. Our focus for next year is on supporting alumni of the programme to take on new opportunities and grow while embracing their culture in an authentic way. Currently we have 15 percent Māori and Pasifika representation in people leader roles.

As we continue to build our pipeline of future leaders, our operational teams are focused on building leadership capability through the Frontline Leadership Programme. Two cohorts have commenced in Cargo, and another has recently commenced in the Airports team. Engineering & Maintenance and Cabin Crew are currently scoping similar opportunities to build leadership capability within their teams.

Emphasising wellbeing

Health, safety and wellbeing of our employees has remained a central focus through this uncertain period.

We have seen an increase in the use of employee wellbeing tools and resources including the Employee Assistance Programme, our Peer Support Network and our Bullying & Harassment Contacts. The utilisation rate of these support tools was 21.3 percent in 2022, an increase of 5.7 percent from the prior year. The Peer Support Network has grown significantly, providing a broader, more established and diverse network of recognised peers to support our people.

In 2020, the Āwhina Trust was established to provide employees with hardship grants, using funds provided through salary sacrifice and donations from other employees. The Āwhina Trust continued to provide hardship grants to Air New Zealanders in 2022, with 346 grants being provided⁵.

Connecting Air New Zealanders

In 2022, a new internal engagement platform, Workplace, was launched to make it easier for Air New Zealanders to connect with one another.

In addition to a wide range of groups now active on the platform – including our Employee Networks, a sustainability-themed group called 'The Planeteers' was launched to provide a forum for Air New Zealanders to share ideas, celebrate sustainability champions, and learn about how they can live more sustainably and contribute to the airline's sustainability goals. The platform, which 85 percent of Air New Zealanders are now on, provides another opportunity to harness the passion of our people to make real change within the airline and at home, with a lot of great conversations and ideas already being shared.

⁵ Due to a reduced number of applications being made to the Trust, further grants were put on hold in November 2021.



Caring for our communities

We are working to develop a robust and sustainable supplier diversity programme with the goal of creating a supplier network that better represents the communities and customer base the airline serves.

The initial focus of our programme is to foster broader partnerships with businesses that identify as Māori or Pasifika-owned and/or as social enterprises. Some of these partnerships include:

- Whāriki, New Zealand's largest Māori business network, being appointed as an Air New Zealand collaboration partner
- Tika Learning providing Māori language translations for our inflight entertainment content, domestic quizzes as well as the subtitles for the most recent Tiaki & the Guardians safety video
- The Agency Corp, a Māori-owned and 100 percent female led company specialising in asbestos management and deconstruction, being selected to work on the Airport Campus roof replacement
- Wines from New Zealand's first Māori-owned winery, Tohu Wines, being offered as part of the Business Premier™ wine menu
- Will & Able's eco-friendly cleaning products created by New Zealanders with disabilities being used throughout our office environments

Air New Zealand launched a new supplier portal, Ivalua, in 2021 allowing data to be collected directly from suppliers. Via the portal, suppliers can acknowledge whether they are Māori and/or Pasifika-owned and/or identify as a social enterprise. The data will be periodically validated by third-party industry experts. Baseline data collection has commenced, and the airline will work to establish a supplier diversity target by the end of the calendar year.

To further support local communities, more than 69,000 excess items, such as duvets and cookies, were donated by Air New Zealand to local Marae, local charities and community organisations.

Air New Zealand also has a Special Assistance Team (SAT), whose primary function is to provide humanitarian support to those affected by an Air New Zealand emergency event, in accordance with international aviation legislation. SAT comprises of several hundred volunteers from across the organisation, and is also able to provide support for local communities in times of crisis or in response to national-scale events. There were no formal deployments of SAT in 2022. Previous deployments of SAT members include assisting survivors and their families affected by the Whakaari White Island eruption and assisting Air New Zealanders and their family and friends affected by the Christchurch Mosque attack.

Our Cargo operations have continued to deliver for not only Air New Zealand as a business, but for Aotearoa's critical import and export industries, with 108,000 tonnes of cargo carried around the globe, including close to 44,000 tonnes of New Zealand exports, and a further 7,000 tonnes flown on the domestic network. In addition to supporting vital trade links, we are also looking at opportunities to reduce emissions within our freight supply chain by reducing the carbon intensity of our air cargo operations. One way this is achieved is by filling underutilised belly capacity on our aircraft. With cargo load factors being 82 percent in 2022, we are well placed to meet our target to increase cargo load factors to 85 percent by 2025.



“Whilst acknowledging the challenging times, the Whāriki Māori Business Network is deeply appreciative of the ongoing support of Air New Zealand to share positive Māori success stories across their platforms and we look forward to further collaborations to support our business community to connect to opportunities, markets and each other – Mā pango mā whero ka oti te mahi.”

Heta Hudson

Chair of the Whāriki Māori Business Network



02



He mahinga taiao tūturu Genuine climate action

Air New Zealand has made ambitious decarbonisation commitments in 2022, setting an interim science-based carbon reduction target and a goal of 10 percent SAF by 2030. We have taken steps on our Flight NZ0™ journey towards net zero carbon emissions by 2050, partnering with the government to scope SAF production in New Zealand and releasing our industry-leading Zero Emissions Aircraft Technology Product Requirements Document (PRD).



Set a science-based carbon reduction target.

2022 progress:

Science-based carbon reduction target set and validated by the Science Based Targets initiative.



Net zero emissions by 2050.

2022 progress:

Commenced journey to net zero emissions, launching SAF feasibility study with government and progressing zero emissions aircraft strategy.



10% of Air New Zealand's total fuel uplift is SAF by 2030.

2022 progress:

Established supply chain for first delivery of SAF, which was received in September 2022.



Flight NZO™



Flight NZO™

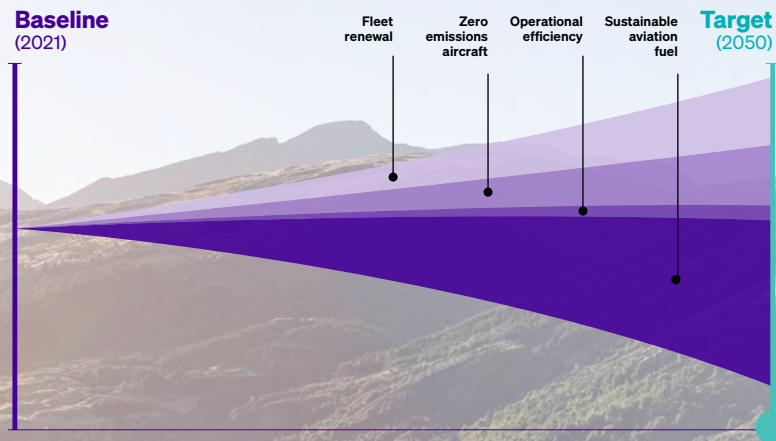
This year we launched Flight NZO™, our commitment to find a more sustainable way to connect with the world.

Flight NZO™ is about acknowledging the impact aviation has on the climate and taking genuine action to decarbonise our operation. The campaign aims to educate and engage the public about Air New Zealand's journey to reach net zero carbon emissions by 2050.

A new Flight NZO™ website detailing [Air New Zealand's decarbonisation roadmap](#) has been developed, allowing the public to better understand our plan to decarbonise and the technologies, initiatives and partnerships it will take to get us there.

Our decarbonisation roadmap

Description	Sustainable aviation fuel (SAF)	Zero emissions aircraft technology	Continued fleet renewal	Operational efficiency	Carbon removal solutions
	Non-fossil derived jet fuel, lifecycle carbon reduction potential of at least 80%, compatible with existing aircraft without modification	Future hydrogen or battery or hybrid aircraft technologies	Rollover current fleet to new jets that achieve greater fuel efficiency	Optimising carbon efficiency from flight and ground operations	Credible carbon removal solutions aligned to international best practice
2050 Decarbonisation Potential	50%	20%	20%	<2%	Residual





Flight NZ0TM

A new science-based target

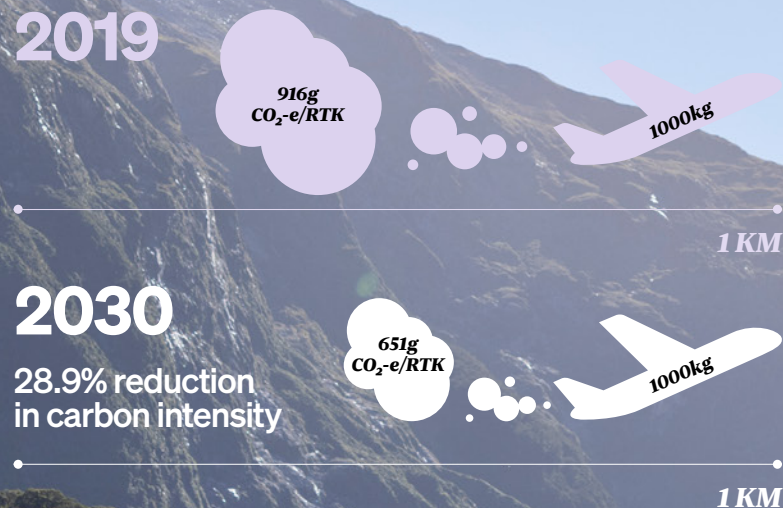
In July 2022, our 2030 interim science-based target was validated by the Science Based Targets initiative (SBTi), the global accreditation organisation for endorsing emissions reduction targets.

A science-based target provides us with a clear pathway to reduce our emissions to prevent the worst effects of climate change.

Air New Zealand's interim target is to reduce carbon intensity by 28.9 percent by 2030, compared to a 2019 baseline. This equates to a 16.3 percent reduction in absolute emissions over the period. Carbon intensity means the greenhouse gas emissions per Revenue Tonne Kilometre (RTK). RTK is a measure of passenger and cargo payload carried by Air New Zealand. This goal requires the airline to reduce the carbon intensity associated with the "well-to-wake" emissions from the jet fuel it uses – these are the entire life cycle emissions

of the jet fuel. This includes emissions from the use of jet fuel in flight (scope 1 emissions) as well as the upstream emissions generated by the production and distribution of that jet fuel (known as scope 3, category 3 emissions).

The 2030 target is a key milestone on our journey to net zero carbon emissions by 2050 and makes us accountable today. Implementing our decarbonisation roadmap will be critical to achieving this target – with SAF, continued fleet renewal, operational efficiencies and zero emissions aircraft technologies, all playing a role. Air New Zealand will annually report on its progress against this target.



Our science-based target

Air New Zealand commits to reduce well-to-wake GHG emissions related to jet fuel by 28.9 percent per Revenue Tonne Kilometre (RTK) from owned operations, equivalent to a 16.3 percent absolute reduction, by 2030 from a 2019 base year.

Intensity reduction:

28.9 percent reduction in carbon intensity from 916gCO₂-e/RTK in 2019 to 651gCO₂-e/RTK in 2030.

Gross emissions reduction:

16.3 percent reduction in well-to-wake emissions from 4.7M tCO₂-e in 2019 to 3.9M tCO₂-e by 2030.



SCIENCE
BASED
TARGETS



2022 Emissions snapshot

The airline uses a range of carbon metrics in its internal reporting, strategy formation and decision making.

This includes metrics related to assessing the impact of gross carbon emissions, emissions intensity values and the value of New Zealand’s carbon compliance obligations.

Covid-19 has had a significant impact on the airline’s operations and network as well as the key metrics that the airline reports on. As a consequence, it is difficult to meaningfully compare the key metrics with prior years.

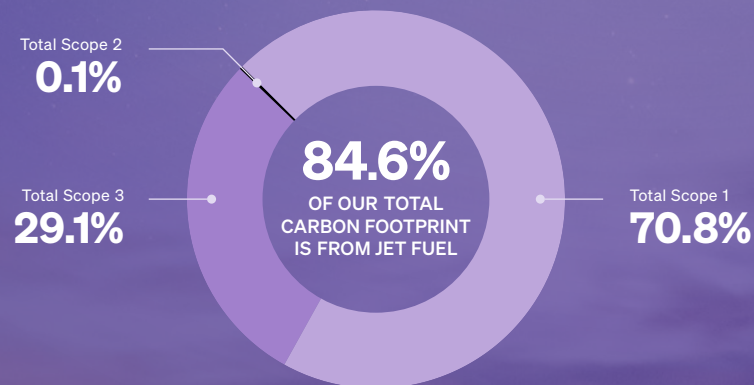
Commentary on carbon emissions data

Total Scope 1 and 2 emissions increased by 13 percent in 2022. This increase was due to the increase in Scope 1 emissions resulting from greater network capacity as New Zealand’s Covid-19 restrictions eased through 2022. These emission levels remain significantly lower than pre-Covid-19 levels.

This is the first year we have publicly reported our scope 3 emissions, which are emissions that result from activities within the airline’s value chain. In 2022, scope 3 emissions represented close to 30 percent of the airline’s total emissions. The reporting of scope 3 emissions is a journey for Air New Zealand and one that we intend to refine each year. We acknowledge that the new mandatory climate-related disclosure regime will require us to disclose our scope 3 emissions to a level that is subject to limited assurance. Around half of our scope 3 emissions relate to the extraction, production, and transport of fuels (referred to as category 3). This category has been subject to a limited assurance exercise by Deloitte Limited¹. The second largest category, representing around a quarter of scope 3 emissions, relates to purchased goods and services, including catering, inflight products and landing fees.

Carbon Emissions Data (Tonnes CO ₂ -e) ¹	2019	2020 ²	2021	2022
Scope 1 – International network emissions (Jet Fuel)	3,286,502	2,649,922	817,078	1,040,786
Scope 1 – Domestic network emissions (Jet Fuel)	629,876	518,607	508,737	465,303
Scope 1 – Other emissions ³	9,272	8,106	7,376	6,796
Total Scope 1 emissions	3,925,650	3,176,635	1,333,191	1,512,885
Scope 2 – Emissions (Electricity)	3,098	2,832	2,720	2,736
Scope 3 – Emissions ⁴	-	-	-	623,411
Total Scope 1, Scope 2 and Scope 3 emissions	-	-	-	2,139,032

2022 Emissions Analysis



¹ The airline discloses its emissions within its Greenhouse Gas (GHG) Inventory Report. The remaining categories of scope 3 emissions were not subject to consideration by Deloitte Limited. Full definitions of emission scopes can be found within that Report; extracts from that Report are duplicated here within. Deloitte Limited was engaged to provide reasonable assurance over the scope 1 and scope 2 components over the GHG Inventory Report, and limited assurance over the scope 3, category 3 components. The remaining categories of scope 3 emissions were not subject to consideration by Deloitte Limited. Refer to the reporting and communications page on Air New Zealand’s website for the full GHG Inventory and Assurance Report. Gases included in the carbon dioxide equivalents (CO₂-e) factor are carbon dioxide (CO₂), methane (CH₄) and nitrous oxide (N₂O). ² 2020 relates to the financial year end 30 June 2020. It should be noted that for much of the 2020 financial year, the airline’s operations were not subject to Covid-19 related border restrictions. ³ Scope 1 other emissions include the combustion of jet fuel from ground operations, LPG, natural gas, diesel, petrol, and wood pellets. ⁴ Scope 3 emissions are all indirect emissions (not included in scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions.



Flight NZ0TM

Carbon intensity data

Carbon intensity data provides a measure of emissions generated for each kilogram of payload flown and each available seat. Payload carriage is expressed as Revenue Tonne Kilometre (RTK)⁵ and seat availability is measured in Available Seat Kilometre (ASK)⁶. These are both prominent metrics for benchmarking airline carbon intensity. The airline aims to improve carbon intensity by reducing emissions from flight operations and maximising total payload carriage.

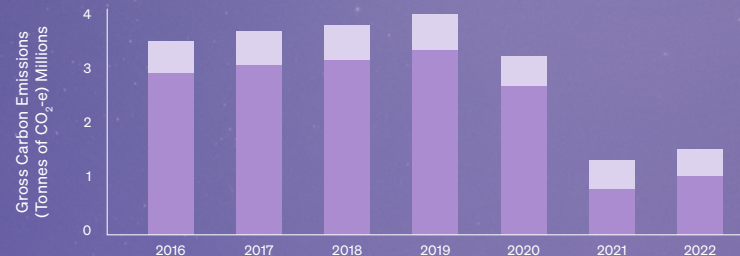
Commentary on carbon intensity metrics

The airline's carbon intensity (measured in gCO₂-e/RTK) decreased 7 percent compared to 2021. This improvement was largely due to easing New Zealand border restrictions leading to higher load factors on the network. However, this metric still remains elevated when compared to pre-Covid-19 levels due to the national lockdowns and border restrictions in place at various times throughout 2022.

While the airline's carbon intensity (measured in gCO₂-e/RTK) has been elevated through the Covid-19 impacted period, carbon intensity (measured in gCO₂-e/ASK) has continued a downward trend, decreasing 12 percent between 2019 to 2022. This reduction has been a result of the improved efficiency achieved through the retirement of the Boeing 777-200ER fleet and continued efforts to improve operational efficiency.

Gross Carbon Emissions (CO₂-e)

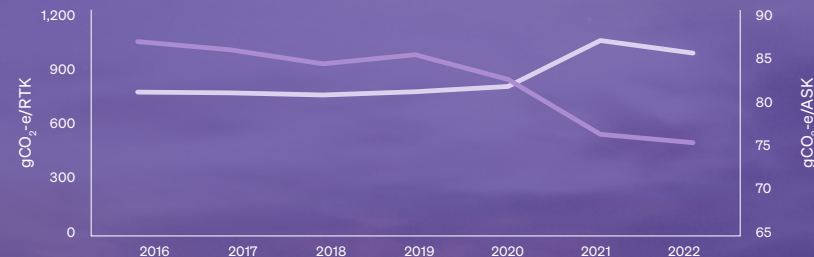
International
Domestic



Carbon Intensity Metrics	2019	2020 ⁷	2021	2022
Grams of CO ₂ -e per Available Seat Kilometre (ASK)	85	82	76	75
Grams of CO ₂ -e per Revenue Tonne Kilometre (RTK)	762	789	1,039	971
Well-to-wake grams of CO ₂ -e per Revenue Tonne Kilometre (RTK) ⁸	916	-	-	1,165

Carbon Intensity Analysis

gCO₂-e/ASK
gCO₂-e/RTK



⁵ 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 the airline's records, and passenger weights are estimated at 100kg per passenger (including checked and carry-on baggage) as recommended by IATA for generating a fuel-efficiency target. CO₂-e emissions are from the airline's use of aviation fuel over the same time period. ⁶ Available Seat Kilometre (ASK) is measured by the available seats for sale multiplied by the number of kilometres transported. The airline has participated in the Maintaining International Air Connectivity scheme using passenger aircraft to fly cargo-only flights. The equivalent ASK's from these flights has been included in the total ASK number. ⁷ 2020 relates to the financial year end 30 June 2020. It should be noted that for much of the 2020 financial year, the airline's operations were not subject to Covid-19 related border restrictions. ⁸ Well-to-wake (WTT) emissions cover the activities and accompanying emissions across the value chain of jet fuel in the aviation sector. WTT emissions can be split into two components: well-to-tank (WTT) which encompasses emissions from feedstock sourcing, processing and transportation to fuel production and distribution (measured as scope 3, category 3 emissions); and tank-to-wake (TTW) includes emissions from the combustion of fuel (measured as scope 1 emissions).



Flight NZO™

Sustainable aviation fuel

SAF is the most significant decarbonisation technology the airline can use to reduce its carbon emissions.

Globally SAF supply remains limited, and the cost is high - around two to five times more than conventional fossil fuel derived jet fuel. There is currently no SAF supply in New Zealand or the Asia Pacific region.

This year, Air New Zealand joined the World Economic Forum's Clean Skies for Tomorrow Coalition, an initiative of high-ambition companies and organisations across the global aviation sector, working to accelerate the scaling and uplift of SAF globally. In addition, Air New Zealand signed the Clean Skies for Tomorrow 2030 Ambition Statement, pledging our commitment to help accelerate the supply and use of SAF to reach 10 percent of global jet aviation fuel supply by 2030.

The airline's SAF strategy includes working to import SAF to New Zealand, investigating domestic SAF production, sourcing SAF at the international ports that we fly to, and collaborating across the aviation sector worldwide to address the issues of cost and supply. To guide us towards this target, Air New Zealand is working towards achieving 1 percent SAF uplift across its network in 2023.

Over the past year, Air New Zealand has been working to establish a SAF import supply chain. In September 2022, we received our first shipment of SAF into New Zealand for commercial use. The 1,000 tonne shipment was delivered to Auckland from the world's largest SAF producer, Neste, in Finland, in partnership with Z Energy. Designed to test the supply chain and trial the use of SAF in domestic fuel infrastructure, this import also provided a real example as to the true cost of importing SAF into New Zealand, that will be useful in business planning and in informing our advocacy for enabling SAF policy settings.

In September 2021, Air New Zealand, in partnership with the Ministry of Business, Innovation and Employment (MBIE), launched a process inviting leaders in SAF innovation to demonstrate the feasibility of producing SAF from waste products in New Zealand. Responses are currently being reviewed. If a suitable production path is identified, there will be further investigation into whether it is commercially viable. Once this is ascertained, it is hoped that a plant would be constructed and SAF would be available in New Zealand from calendar year 2027.

Commercially producing SAF in New Zealand would not only help lower the country's emissions, provide enhanced fuel security, and reduce waste but it would also create jobs and economic opportunities in our regional communities.

Air New Zealand continues to actively engage with the New Zealand government to advocate for the policy and regulatory settings needed to establish a SAF market and address the price premium SAF commands.



“Sustainable aviation fuel is key to helping aviation achieve its emissions reduction goals, while continuing to serve the purpose of connecting people and businesses. I am excited about our first shipment of Neste MY Sustainable Aviation Fuel to Air New Zealand in collaboration with our partner Z Energy. We look forward to continuing to support Air New Zealand on its Flight NZO™ journey, as we are expanding our global SAF production capacity to 1.5 million tonnes by 2023, and further to 2.2 million tonnes by early 2026.”

Sami Jauhainen

Vice President APAC, Renewable Aviation at Neste



SAF is fuel made from a variety of sustainable resources, such as used cooking oils, landfill waste, forestry waste, carbon captured from the air, and green hydrogen. SAF has the potential to dramatically reduce lifecycle carbon emissions by up to 80 percent or more compared with traditional jet fuel. Find out more here.





FlightNZ0™

Zero emissions aircraft technology

New Zealand is uniquely placed to lead the world in the deployment of zero emissions aircraft technologies. Our domestic network is made up of mostly short-range routes under two hours in duration, making it ideally suited to adopt these novel technologies.

Air New Zealand released an industry leading PRD in December. Designed to inform aircraft developers as to our future aircraft ambitions and requirements, the PRD sought responses from those companies working on technologies that could operate on our network. This includes battery-electric, hybrid-design, and/or hydrogen-electric aircraft.

Responses to the PRD have allowed Air New Zealand to understand technology readiness and pinpoint technology leaders for ongoing engagement.

We are now developing the next stage of the programme, focused on testing the most viable technology options in the years before 2030.

The partnership between Air New Zealand and the Airbus Hydrogen ZEROe project is continuing into its second year. To date the partnership has aided Air New Zealand in understanding the opportunities and challenges hydrogen aircraft present to our domestic and short-haul international networks. It has been encouraging to see the progress

the Airbus ZEROe programme has made in addressing the complexities hydrogen aircraft face, with the recent flying of test engines testament to that progress.

Globally, Air New Zealand has joined the World Economic Forum's Target True Zero Coalition, a community of leaders working to accelerate the deployment and scaling of zero emissions aviation, leveraging electric and hydrogen flight technologies. Air New Zealand is a signatory of the Target True Zero Airline Demand Statement, pledging our ambition to work towards 30 percent of all new acquisition aircraft serving routes under 750km to utilise electric, hydrogen or hybrid technology from 2030.



“Partnering with Air New Zealand enables Airbus to gain valuable operator insights for our ZEROe aircraft development. With our combined efforts over the last 12 months, we have gained a deeper understanding of the network potential for hydrogen aircraft deployment in New Zealand, and also advanced our collaboration with regard to the hydrogen hub ecosystem in the country. These activities will inform our global strategy to bring zero emission aviation to reality.”

Glenn Llewellyn
VP Zero Emission Aircraft at Airbus



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Flight NZO⁹

Continued fleet renewal

Air New Zealand operates one of the youngest and most fuel efficient fleets in the world⁹, and continues to invest in modern, more efficient aircraft.

At the end of this calendar year, the airline will start welcoming the Airbus A321neo aircraft into its domestic fleet. Work is also underway to prepare for the calendar year 2024 delivery of the more fuel efficient Boeing 787 Dreamliners, featuring the recently announced revolutionary cabin products. Air New Zealand continues to move towards the phasing out of its legacy Boeing 777-300ER fleet by calendar year 2027.

Operational efficiency

Although the continued impacts of Covid-19 have limited our ability to implement new initiatives, our Carbon Reduction Programme remains a priority.

We continue to enhance current initiatives such as onboard weight reduction and non-essential fuel burn during layovers. We are also increasing our focus on the potential fuel reduction benefits of the new flight planning systems being introduced in the coming year. These flight planning systems will enable smarter flight planning on our jet and turboprop fleets leading to further emissions reductions.

We understand the critical role our pilots play in making our operations even more efficient. Supported by Air New Zealand, regional pilot, Susan MacLachlan, conducted research in this field as part of her Master of Sustainable Development Goals at Massey University. Susan's research explored how the airline could engage pilots in climate action to help achieve our 2050 ambition.

⁹ Air New Zealand has an average operating fleet age of 7.3 years (seat weighted average of the operating fleet as of 30 June 2022).

Advocacy to support aviation decarbonisation

Air New Zealand is committed to decarbonising its operation. However, the airline cannot solve this challenge alone.

Decarbonisation will require coordinated decision-making across the transport, energy, and tourism sectors. It will be a journey that Air New Zealand shares with the government and other stakeholders across the economy.

We continue to actively participate in government consultations on climate change policy, advocating for research, policies, and investment to support the airline's SAF strategy and the timely deployment of zero emissions aircraft technologies.

Air New Zealand has continually advocated for the establishment of a public-private aviation decarbonisation body and the implementation of a SAF-specific mandate to stimulate demand and encourage investment in SAF production. The airline has been encouraged by the government's commitment to action these matters in its economy wide Emissions Reduction Plan. The government's actions were informed by our submission on [Te hau mārohi ki anamata – Transitioning to a low-emissions and climate-resilient future](#) (the government's Emissions Reduction Plan consultation).





Climate-related risks

In 2019, Air New Zealand committed to supporting the Taskforce on Climate-related Financial Disclosures (TCFD).

Ensuring the airline has effective governance and an appropriate decarbonisation and adaptation strategy in place to manage the risks that climate change presents remain a priority for the airline. Our **2022 Climate-Related Disclosures** detail our climate-related governance, strategy, risk management, metrics, and targets. This year our disclosures include enhanced transition risk and opportunity analysis, derived from climate change scenario modelling.

Air New Zealand acknowledges that our disclosures will continue to evolve in this area and supports the introduction of mandatory climate disclosures in New Zealand as being developed by the External Reporting Board. Work is underway to ensure we will be well placed to comply with these standards when finalised.

Carbon compliance

Air New Zealand is 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 purchase and surrender to the government an equal number of New Zealand Units to match those emissions.

In the 2021 calendar year, our Emissions Trading Scheme obligation was 435,578 tonnes of CO₂-e, resulting in a compliance cost of \$14.4 million.

For emissions generated in international airspace, we continue to participate in the Carbon Offset and Reduction Scheme for International Aviation (CORSIA) requiring carbon neutral growth from a 2019 baseline.

FlyNeutral

FlyNeutral, our customer offsetting programme, continues to enable passengers to offset their share of a flight's carbon emissions with carbon credits from international projects, while accelerating positive biodiversity outcomes in New Zealand.

In 2022 FlyNeutral contributions permanently offset 59,257 tonnes of CO₂-e and provided over \$1 million to accelerate the restoration, regeneration, and production of permanent native forests. Customer donations to current FlyNeutral partner **Trees That Count**, a conservation charity bringing together business, community and everyday Kiwis to help plant native trees across the country, funded the planting of 89,000 native trees across New Zealand. To find out more about the projects supported, visit the [Air New Zealand dashboard](#).





03



Te whai i te ōhanga whai hua Driving towards a circular economy

Despite meaningful enhancements to our international serviceware and continued diversion success from Project Green, the airline still has much to achieve in its goal to drive towards a circular economy.



Removal of 50% of forecasted single-use plastic items on our international flights by 2023 from a 2021 baseline. This amounts to the removal of over 28 million forecasted single-use plastic items.

2022 progress:

On track to achieve.



65% of total solid waste diverted from landfill by 2023.

2022 progress:

34.2% of total solid waste diverted from landfill in 2022.



In 2022, progress plateaued on our target to divert 65 percent of waste from landfill. Throughout the year, only 34.2 percent of the airline's waste from domestic ground sites and airports serviced by our main waste provider was diverted from landfill.

This was caused by a range of factors including constrained access to recycling and composting infrastructure, the impact of Covid-19 restrictions further reducing access to recycling operations, and the dynamic operational demands facing Air New Zealanders limiting opportunities for effective recycling education.

It will take a concerted effort from Air New Zealand, our waste management providers, and circular innovators to make substantial gains on our waste diversion in 2023. Central to this will be embedding a circular culture within the airline and implementing practical waste diversion projects that lead to circular economy outcomes across the business and wider supply chain.

Instilling a circular mindset

Efforts to instil a circular mindset and waste minimisation culture at Air New Zealand continued in 2022.

Plastic Free July and Recycling Week campaigns were run in 2022 on our new internal platform, Workplace. The campaigns provided insights on ways to reduce waste and recycle more effectively, as well as broader circular economy principles. Air New Zealanders were encouraged and challenged to implement these practices in their day to day roles in the airline and at home. Empowering Air New Zealanders to consider, at the design phase, the necessity of certain products within our supply chain and any potential waste outcomes, will continue to be a key goal of our circular economy strategy.

Building on our domestic Airbus A320 recycling campaign in 2021, we ran targeted recycling communications with our turboprop cabin crew in 2022 to reignite recycling efforts onboard our turboprop aircraft and to ensure collection and disposal processes were running effectively.

Looking ahead, a targeted project focused on creating a waste minimisation culture will commence with our Engineering & Maintenance and Cargo operations.

More sustainable serviceware onboard in October

A more sustainable serviceware offering has been developed for Air New Zealand's international flights, launching in October 2022.

An extensive scoping, review and testing process was undertaken with a wide range of internal and external stakeholders over two years to identify serviceware items that would meet our ambitious sustainability objectives, exceed our customers' expectations and meet operational requirements.

Numerous sustainable materials were investigated and trialled throughout the scoping phase of the project. This enabled the team to identify materials that could withstand the operational demands required of our inflight products, such as durability and heat resistance. With these insights, we agreed on bagasse (a renewable plant-based agriculture by-product) as the predominant material for our new Economy serviceware, with a PLA (bioplastic derived from renewable

and organic sources) coating for our ambient and chilled items and a CPET (fossil-fuel derived plastic) coating for our heated items.

Air New Zealand will continue to review innovations in the sustainable serviceware space that can meet our demanding operational requirements. With the Economy serviceware now selected, the airline is on track to exceed its goal of removing 50 percent of single-use fossil-fuel derived plastic across all cabins by 2023 – with over 28 million single-use plastic items now expected to be removed per year¹.

In our Premium cabins, lighter weight serviceware was selected following successful scoping and testing. The Premium serviceware is approximately 20 percent lighter than our current offering and will reduce fuel use and the corresponding carbon emissions on our international flights.

¹ From a 2021 baseline. The 2021 baseline value was adjusted to reflect the updated forecasts for passenger volumes as of May 2020.



Celebrating five years of Project Green

Project Green has been reducing waste from inbound international flights at some of Air New Zealand's busiest ports for over half a decade.

In total, the initiative has diverted more than 1,200 tonnes of reinjected product and recycled glass from landfill – the equivalent to the weight of over 30 domestic Airbus A320 aircraft.

This ongoing initiative is supported by our cabin crew and our catering partner, LSG Sky Chefs, who ensure that the range of sealed and untouched items classified as “non-biosecurity risks” are kept separate from waste streams and reinjected onto future international flights. Project Green also allows glass to be separated and recycled.

In 2022, Project Green volumes were again impacted by our reduced international network. Around 80 tonnes, made up of more than 3.5 million units of products including cans of soft drink and coffee sachets were diverted from landfill, and 50 tonnes of glass was recycled. With all our major domestic ports now back flying internationally, we expect increased reinjection volumes across 2023.



“It was great being part of the Project Green team back in 2017 when this initiative was initially launched. Working with the Ministry for Primary Industries and Air New Zealand enabled us to develop a process which, over the five years of the Project's operation, has diverted a substantial amount of waste from landfill. It has also been encouraging to see the number of products we can reinject grow over the years.”

Stan Slatter

Ramp Safety Officer at LSG Sky Chefs

Partnering in circularity

Air New Zealand continues to work with community partners and innovators to assist us with our drive towards a circular economy.

One example of this is our work with All Heart NZ, which provides a resource recovery solution for large corporates. In 2022, around 1,200 kilograms of retired (or redundant) furniture from our Dunedin and Hamilton Lounges were sustainably collected by All Heart NZ, creating a circular solution and supporting community needs.



04



He Tāpoi Mau Roa Sustainable tourism

In the most challenging year yet for New Zealand tourism, Air New Zealand progressed activity to develop a more sustainable tourism future while focusing efforts on supporting the recovery of domestic tourism.



Increase annual growth in bookings for Qualmark awarded operators on Air New Zealand's website by 100% by 2023 from a 2021 baseline.

2022 progress:

In 2022, there was a 9.5% annual increase in bookings for Qualmark awarded operators on Air New Zealand's website from a 2021 baseline.



60% of New Zealanders aware of Tiaki Promise by calendar year 2023.

2022 progress:

25% of New Zealanders aware of the Tiaki Promise as at August 2022.



The Tiaki Promise

The Tiaki Promise is a collaborative initiative to inspire all visitors, both domestic and international, to act as kaitiaki (guardians) and care for New Zealand by travelling safely and responsibly.

Air New Zealand has continued to participate in Te Kāhui Tautiaki, the group that governs the Tiaki – Care for New Zealand brand and includes representatives from the Department of Conservation, Local Government New Zealand, New Zealand Māori Tourism, Tourism Holdings Limited, Tourism Industry Aotearoa and Tourism New Zealand.

Air New Zealand’s latest safety video – ‘Tiaki & the Guardians’ inspired by the Tiaki Promise, was released in May 2022. The video is an invitation for both New Zealanders and international visitors to care for our place, our culture and our people now and for future generations.

Air New Zealand worked closely with Tiaki Pou Tikanga and storyteller, Joe Harawira, as well as New Zealand Māori Tourism and the New Zealand Māori Arts & Crafts Institute to bring the Tiaki kaupapa (the principles of Tiaki) to life in a new way. Find out more about the collaborations that crafted the safety video. As of 30 June 2022, the video had received more than 41 million views globally on digital platforms.

The above initiatives have supported the growth in awareness of the Tiaki Promise amongst New Zealanders to 25 percent as of August 2022, up 4 percent from September 2021¹. This is an indicator of progress towards our goal of increasing New Zealanders’ awareness of Tiaki-Care for New Zealand.



“Tiaki – Care for New Zealand is a powerful and important kaupapa, particularly now as we welcome back manuhiri to New Zealand. It is also a collaborative one and we are proud to work closely with Araraurangi and the rest of Te Kāhui Tautiaki on sharing this with our visitors. It was incredible to see Tiaki come to life in the new Air New Zealand safety video, reminding us all of the cultural and environmental values that underpin tiakitanga.”

René de Monchy
Chief Executive at Tourism New Zealand



SHOW RESPECT



PROTECT NATURE



KEEP NZ CLEAN



DRIVE CAREFULLY



BE PREPARED

¹As measured by Air New Zealand’s Market Monitor that surveys 300-400 New Zealand travellers each month.



Inspiring domestic tourism

Air New Zealand's domestic marketing campaigns have supported the tourism industry by encouraging Kiwis to explore the country.

Through the extensive nationwide lockdown, we continued to promote our regions through channels such as Kia Ora magazine. This included a feature in the June 2022 issue of Kia Ora magazine encouraging New Zealanders to explore Aotearoa through a Māori lens and discover our living culture through legend, twilight stroll or adrenaline-fuelled adventure. We have also undertaken partnership activity to drive tourism recovery in the regions via retail campaigns with Tourism New Zealand, Northland Inc, Auckland Unlimited, Hawke's Bay Tourism, WellingtonNZ, Nelson Airport and ChristchurchNZ.

Reigniting sustainable tourism

During the year, Air New Zealand's dedicated site for selling New Zealand activities (aimz.co.nz/activities) moved to only feature tourism activities and attractions that have achieved a Qualmark award for their commitment to quality, safety, and sustainability.

Exclusively selling Qualmark awarded activities will play a key role in delivering on our ambitions to increase annual growth in bookings for Qualmark awarded operators on the website by 100 percent by 2023². In 2022, there was a 9.5 percent annual increase in bookings compared to 2021.

Key to reigniting sustainable tourism is growing the tourism talent pipeline that has been significantly impacted by the last couple of tumultuous years for the industry. Since 2019, our partnership with Queenstown Resort College (QRC) has focused on inspiring New Zealanders into a career in tourism.

In 2022, we continued to support QRC staff and students to stay connected through our annual travel fund. The Air New Zealand Board spent a day at the

QRC campus based in Paihia – an eye-opening and uplifting experience for all involved. Our partners, the All Blacks also provided an extra dose of inspiration – with All Blacks Scott Barrett and Anton Lienert-Brown visiting the QRC campus in Paihia in June.

In August, our first ever QRC awareness campaign kicked off. The nationwide, multi-channel campaign showcased career journeys of former QRC students, sending a strong signal, now is a good time to consider a career in tourism.

Going forward, Air New Zealand's partnership with QRC will continue to promote the tourism industry as an exciting and sustainable sector offering a variety of career options.



² From a 2021 baseline.



Industry collaboration through the Aotearoa Circle

Air New Zealand is contributing to the Aotearoa Circle's development of a Tourism Adaptation Roadmap.

This work considers the climate-related physical and transition risks the tourism industry faces in the coming decades and will develop an adaptation roadmap for the industry to future proof regenerative tourism in New Zealand and build a resilient sector. Air New Zealand Director Laurissa Cooney is one of the co-chairs for this project.

Celebrating ten years of partnership with DOC

Recognising the biodiversity crisis is only going to be addressed through taking collective action, Air New Zealand formally partnered with the Department of Conservation (DOC) in 2012.

Cemented in the latest science and proven approaches to protecting and regenerating New Zealand's precious taonga species, the decade long partnership with DOC has helped deliver a range of biodiversity outcomes for Aotearoa. From an extensive range of biodiversity projects on six of New Zealand's Great Walks (including over 43,000 hectares of sustained predator control and critical threatened species monitoring) to flying over 4,200 threatened species and Conservation Dogs.

Thanks to the efforts of a range of partners, as well as iwi, hapū and whānau, takahē now roam freely on the Heaphy Track after more than a 100-year absence, tuatara populations are more resilient in part to the largest tuatara translocation ever undertaken (260), and a greater, more robust scientific understanding of the threats, including climate change, to our threatened species has evolved.

In addition, the partnership has shone further light on the biodiversity crisis in New Zealand through various channels such as our safety videos, retail campaigns, and features in Kia Ora magazine – educating and engaging New Zealanders about the need for our constant continued efforts to conserve and regenerate our fragile environment. Highlights of the DOC partnership in 2022 include sustaining the predator control on Great Walks, flying over 200 threatened species and conservation dogs, a kiwi bird count on the Milford Track conducted by DOC and members of the Greenteam and promising results from bird surveys of kākā on the Heaphy Track and pīwauwau/rock wren on the Routeburn Track.

Despite this progress, there is still much work to be done to face the accelerating biodiversity crisis in Aotearoa. Air New Zealand looks forward to building on the momentum established with the partnership over the last decade to further support DOC in its vital endeavours.

DOC summer staffer Gabe Vink Wackernagel carrying out a kiwi bird count along the Milford Track, assisted by Greenteam member Victoria Danell.



Fundamental metrics table


Our Sustainability Framework has key headline targets that we report on. In addition to those targets, the following fundamental metrics, which detail Air New Zealand's impact, are also tracked.

Pillar	Metric	2020	2021	2022
 <p>Te manaaki i ngā tāngata o Aotearoa Caring for New Zealanders</p>	Representation of Māori and Pasifika in people leadership positions ¹ throughout the organisation	17.0%	16.0%	14.8% (Our Mangōpare leadership development programme is creating a talent pipeline to support our target of 20% Māori and Pasifika representation in leadership roles by 2025. Following the Covid-19 pandemic, our focus for the next year is on supporting alumni of the programme to take on new opportunities within the airline and grow while embracing their culture in an authentic way)
	Employee engagement	N/A ²	Engagement index score of 71 (September 2021) ³	Engagement index score of 68 (May 2022) ⁴ (refer to page 10)
	Women in Airline Leadership Team (ALT)	51.0% ⁵	51.0% ⁶	45.5% ⁷ (Despite seeing a decrease over 2022, we are committed to developing our internal pipeline and ensuring a balanced gender representation through our recruitment process. This ongoing focus will allow us to grow the number of women in senior leadership roles)
	People Safety Risk Control Effectiveness (RCE) rating of substantially or fully effective ⁸	N/A ⁹	84.0% ¹⁰	84.0% ¹¹
	Environmental non-compliances	Zero environmental non-compliances as at end 2020	Zero environmental non-compliances as at end 2021	Zero environmental non-compliances as at end 2022 ¹²
	IEnvA stage 2 certification via IATA	IEnvA stage 2 certification achieved. In 2020, the scope of the certification was extended beyond Flight Operations and Corporate to include national Cargo; Maintenance Repair Organisations; Ground Services; and Auckland Airport	IEnvA stage 2 certification achieved. In 2021, the scope of the certification was extended to include all New Zealand airports along with Flight Operations and national Corporate, Maintenance Repair Organisations and Cargo operations	IEnvA stage 2 certification achieved
	Suppliers providing positive assurance of our Supplier Code of Conduct ¹³	Suppliers representing 94.2% of our spend provided positive assurance	Suppliers representing 92.7% ¹⁴ of our spend provided positive assurance	Suppliers representing 92.4% of our spend provided positive assurance (a minor decrease from 2021, mainly due to Covid-19's continuing impact on Air New Zealand's spend profile with its strategic suppliers) ¹⁵
	Annual volume of New Zealand exports on Air New Zealand	35,045 ¹⁶ tonnes	37,600 tonnes	43,720 tonnes (refer to page 12)
	Full compliance with ICAO noise standards for aircraft fleet	No notified noise breaches in 2020. Achieved full compliance with ICAO noise standards	No notified noise breaches in 2021. Achieved full compliance with ICAO noise standards	No notified noise breaches in 2022. Achieved full compliance with ICAO noise standards

1 A people leadership position includes any position in the airline which has employees reporting into it. Data is based on ethnicity data collected via our people management system Workday. This is an optional data field and coverage is currently 60.0%. We continue to encourage employees to complete this data to inform our strategies and programmes. **2** Your Voice employee engagement survey cycle paused due to Covid-19. **3** A new quarterly employee survey was introduced in 2021. As at 1 September 2021, the Glint Global Top 20% engagement threshold was an engagement index score of 79. **4** In 2022, Glint amended its top engagement threshold from 20% to 25%. As at 30 June 2022, the Glint Global Top 25% engagement threshold was an engagement index score of 79. **5** Across all employees, 57.6% identify as a man, 42.4% identify as a woman, and 0.1% identify as gender diverse. **6** Across all employees, 60.5% identify as a man, 39.2% identify as a woman, and 0.1% identify as gender diverse, with 0.2% unspecified. **7** Across all employees, 58.6% identify as a man, 40.3% identify as a woman, and 0.1% identify as gender diverse, with 1.0% prefer not to say/unspecified. **8** Risk Control Effectiveness (RCE) review and verification is part of the company risk management process and is a framework being implemented to give depth to the risk declarations. The RCE scale ratings are totally ineffective, largely ineffective, partially effective, substantially effective, and fully effective. **9** In 2020, we developed this new rating tool and the key metrics that underlie it. **10** The remaining 16.0% of People Safety Risk Controls are rated partially effective (the minimum for compliance). **11** The remaining 16.0% of People Safety Risk Controls are rated partially effective (the minimum for compliance). **12** The Environmental Protection Authority has recently requested information from Air New Zealand and their subsidiary companies to assess compliance with the Ozone Layer Protection Act. **13** Based on percentage of spend. 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. **14** A decrease of 1.5% from 2020 result, mainly due to Covid-19's impact on Air New Zealand's spend profile with its strategic suppliers. **15** The new Ivalua supplier portal streamlines the way we collect and monitor positive assurance from suppliers. As a result, we have systemised an existing policy condition mandating that any new suppliers must provide positive assurance that they comply with Air New Zealand's Supplier Code of Conduct prior to engagement. **16** The cancellation of Air New Zealand's Shanghai service early in calendar year 2020 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.




Fundamental metrics table (continued)

Pillar	Metric	2020	2021	2022
 <p>He mahinga taiao tūturu Genuine climate action</p>	Tonnes of CO ₂ -e Emissions (Scope 1 and 2)	3,179,467	1,335,911	1,515,621 (refer to page 16)
	Tonnes of CO ₂ -e Emissions ¹⁷ (Scope 3)	N/A	N/A	623,411 (refer to page 16)
	Well-to-wake grams of GHG emissions related to jet fuel per Revenue Tonne Kilometre (RTK) ¹⁸	N/A	N/A	1,165 ¹⁹ (refer to page 17)
	Average annual reduction in carbon intensity ²⁰	3.6% increase compared to 2019 ²¹	31.6% increase compared to 2020 ²²	6.5% decrease compared to 2021 ²³ (refer to page 17)
	Carbon Reduction Programme implemented in-line with IATA audit recommendations	The Carbon Reduction Programme saved 3,341t 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 116t of fuel (366 tCO ₂ -e) from on-board weight reduction	While carbon reduction initiatives implemented in prior periods remain ongoing, the impact of Covid-19 restrictions and operational constraints have limited our ability to implement new initiatives in 2021 and our ability to accurately report savings by initiative. This remains a focus going forward	While carbon reduction initiatives implemented in prior periods remain ongoing, the impact of Covid-19 restrictions and operational constraints have limited our ability to implement new initiatives in 2022 and our ability to accurately report savings by initiative. This remains a focus going forward (refer to page 20)
	Tonnes of carbon offset through FlyNeutral	92,339	40,749	59,257 (refer to page 21)
	FlyNeutral uptake rate ²⁴	7.1%	7.0%	6.9%
	Customer funds donated to activities that accelerate the restoration, regeneration, and production of permanent native forests	N/A	Over \$350,000 ²⁵	\$415,500 has been provided to the Native Forest Restoration Trust ²⁶ and \$633,000 has been provided to Trees That Count ²⁷ to support biodiversity outcomes in New Zealand (refer to page 21)
	Reduction in electricity use	3.4% reduction compared to 2019	7.4% reduction compared to 2020	0.5% increase compared to 2021 (due to an easing of Covid-19 restrictions)
	Electric vehicles in light ground fleet (where feasible) ²⁸	85.0% Electric Vehicles where feasible 55.0% of full fleet are Electric Vehicles	86.0% Electric Vehicles where feasible 55.0% of full fleet are Electric Vehicles	86.0% electric vehicles where feasible 55.0% of full fleet are electric vehicles (while new electric vehicles have been ordered, due to extended lead times, they will not enter our fleet until 2023)
Electric Ground Service Equipment fleet (where feasible) ²⁸	69.0%	73.0%	73.0% (no increase in 2022 due to lack of charging infrastructure. Expected increases in 2023 with additional charging infrastructure coming online and continued focus to exit diesel fleet)	

¹⁷ Air New Zealand began reporting its scope 3 emissions in 2022. ¹⁸ Air New Zealand began reporting its scope 3, category 3 emissions in 2022. ¹⁹ Air New Zealand will report on the percentage change from this baseline annually. ²⁰ Percentage change was updated from the 2020 Sustainability Report to reflect updated reporting policies. ²¹ Increase in carbon intensity 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. ²² Increase in carbon intensity largely due to New Zealand border restrictions leading to lower than usual load factors on the international network and multiple national lockdowns impacting load factors on the domestic network. ²³ Decrease in carbon intensity largely due to easing New Zealand border restrictions leading to higher load factors on the network. However, this metric still remains elevated when compared to pre-Covid-19 levels due to the national lockdowns and border restrictions in place at various times throughout the 2022 financial year. ²⁴ Number of bookings partially or fully offset as a percentage of all bookings through online storefronts where FlyNeutral is available. ²⁵ This represents funds collected from 20 January 2021 to 30 June 2021 under the amended FlyNeutral programme. ²⁶ This represents funds collected from 1 July 2021 to 19 January 2022 under the FlyNeutral programme. ²⁷ This represents funds collected from 20 January 2022 to 30 June 2022 under the FlyNeutral programme. ²⁸ Where feasible refers to availability of electric models for operational requirements.



Fundamental metrics table (continued)

Pillar	Metric	2020	2021	2022
 <p>Te whai i te ōhanga whai hua Driving towards a circular economy</p>	Diversion of waste from landfill at domestic ground sites and airports serviced by our main waste provider	40.6%	41.3%	34.2% (refer to page 23)
 <p>He Tāpoi Mau Roa Sustainable tourism</p>	Sustained pest control enabled on the Great Walks through partnership with the Department of Conservation	43,247 hectares	45,294 hectares	43,587 hectares (a decrease from 2021 as funding was redistributed on the Great Walks biodiversity projects to protect previous critical biodiversity gains as a result of Covid-19's financial impact on the business)
	Enabling regional connectivity through flight departures that connect Auckland/Wellington/Christchurch to regional centres	96,479	96,247	91,417 (flight departures impacted in 2022 due to lockdowns and border restrictions)

AIR NEW ZEALAND 

A STAR ALLIANCE MEMBER 

[< BACK TO CONTENTS](#)