

2023



# Sustainability Report



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This Sustainability Report (Report) has been prepared for the purpose of providing investors with information regarding our approach to sustainability issues related to our business. It has not been prepared as financial or investment advice or to provide any guidance in relation to the future performance of Air New Zealand.

This Report contains forward-looking statements and statements of opinion. These may include statements regarding sustainability plans and strategies, the impact of climate change and other sustainability issues, energy transition scenarios, actions of third-parties, and external enablers such as technology development and commercialisation (including with respect to sustainable aviation fuels), policy support, market support, and energy and carbon credit availability. Any such statements are made only as at the date of this Report. Readers are cautioned not to place undue reliance on such statements, particularly in light of the long-time horizon that this Report discusses and the inherent uncertainty in possible policy, market and technological developments.

No representation or warranty is made regarding the accuracy, completeness or reliability of the forward-looking statements or opinions contained in this Report, or the assumptions on which either is based. All such information is, by its nature, subject to significant uncertainties outside of the control of Air New Zealand, and actual results, circumstances and developments may differ materially from those expressed or implied in this Report. Except as required by applicable laws or regulations, Air New Zealand does not undertake to publicly update or review any forward-looking statements, whether as a result of new information or future events. To the maximum extent permitted by law, Air New Zealand and its officers do not accept any liability for any loss arising from the use of the information contained in this Report.





**Greg Foran**  
Air New Zealand Chief Executive Officer

**Dame Therese Walsh**  
Air New Zealand Chair

**As we pen this opening letter for our 2023 Sustainability Report, the world has just experienced its hottest month on record. The devastating impact of the climate crisis is being felt right across the globe, with droughts, floods, forest fires and intense heat impacting peoples' lives and livelihoods.**

# Letter from the Chair and Chief Executive Officer

The profound impact of the changing climate has been felt here in our own country too with the Auckland floods in January and Cyclone Gabrielle a few weeks later.

The future of our entire planet depends on the global transition to net zero by 2050. Air New Zealand has its part to play, both here in Aotearoa and as part of the global aviation sector. To carry on connecting New Zealanders with each other and the world, we must decarbonise our operations. As we witness this threat to the planet unfold, we have never felt more resolute about the work we have ahead of us.

We know the challenges are significant. Aviation is one of the hardest sectors to abate, there are very few levers available to us, and we don't control them all.

For example, while we can deliver greater operational efficiency, other pathways to decarbonisation, such as sustainable aviation fuel and next generation aircraft, will require global collaboration, enabling policy landscapes, and often significant advances in technology.

Our approach is not to wait for a solution to come to us. Over the past year, Air New Zealand has worked with both local and global stakeholders to advance the scaling up of high integrity and affordable sustainable aviation fuel production, and we have continued to partner with aircraft developers and innovators to give them confidence that we will be an early adopter of new lower emissions aircraft. We want – and need – a seat at the global table as all airlines grapple with the need to decarbonise and dramatically reduce emissions.

Last year we set an interim 2030 science-based carbon reduction target,

validated by the Science Based Targets initiative. This year we have developed the roadmap to guide our progress to the end of the decade. We know achieving the target will be difficult. Some of what we need to happen is beyond our control, and we'll need a village to help us meet it, but it's important for Air New Zealand to be ambitious. There is a lot at stake.

We also have much to achieve in the circular economy space, with a need to refocus our efforts to increase our diversion from landfill rates. The detailed waste audits we carried out this year, and passionate circular economy champions across the airline, will be instrumental in setting and delivering on our new waste targets and strategy going forward.

This year we farewell Sir Jonathon Porritt from our Sustainability Advisory Panel. His nearly decade-long service to the airline has been phenomenal. He has never shied away from challenging our sustainability agenda, and we are richer for it. Sam Mostyn AO takes over the reins as Chair. She has been on the panel for over two years and brings vast sustainability, commercial and governance experience to the role.

Our sincere thanks to the Air New Zealand team for their unwavering dedication to making a positive difference across Aotearoa. Thank you also to our valued customers and stakeholders for pushing us to excel and holding us responsible, and to the Sustainability Advisory Panel for their guidance, rigour and support for us to always do better. The year ahead is no doubt going to be just as challenging as the last, but we go into it with a good plan to help navigate such critical change.

**Dame Therese Walsh**  
Air New Zealand Chair  
August 2023

**Greg Foran**  
Air New Zealand Chief Executive Officer  
August 2023



# Governance of sustainability at Air New Zealand

At Air New Zealand, governance of sustainability covers environmental and social matters. It is a broader concept than climate-related matters alone.

### Board of Directors

The Air New Zealand Board of Directors has overarching responsibility for sustainability at the airline and has signed-off on significant sustainability initiatives, including the airline's Sustainability Framework. 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 and Diversity

Committee, Health, Safety and Security Committee, and Audit and Risk Committee. The governance of Air New Zealand's climate-related risks and opportunities is detailed on [page 13](#) of the Climate action section of this report.

### The Executive

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 performance indicators that are set as part of the Quarterly Business Review (QBR) process.

### Sustainability Advisory Panel

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

This year we farewell our Panel Chair, Sir Jonathon Porritt. Sir Jonathon's contribution to the airline as the Panel's Chair since its inception in 2014 has been immense. Air New Zealand has greatly valued his incredible leadership and challenge to our sustainability agenda. A globally recognised advocate for environmental protection, Sir Jonathon has been influential in driving the airline's sustainability initiatives and setting the airline up to continue to take ambitious action. Current Panel member, Sam Mostyn AO has been appointed as the new Panel Chair. Sam's extensive experience in executive and governance roles across business, sustainability, and climate change will ensure the Panel's role as a critical advisor to the airline continues.

The QBR is a recurring process that results in Air New Zealand-wide alignment and transparency on work plans to meet the airline's strategic priorities. As part of the airline's QBR process, business priorities, including those relating to sustainability, are identified and reviewed every quarter, to ensure the airline is aligned to progress expected deliverables within that quarter.

In November 2022, Kiri Hannifin joined the Executive as the airline's first dedicated Chief Sustainability Officer. This appointment builds on the foundation Air New Zealand has already laid and signals a step change for sustainability at Air New Zealand.

## Sustainability Advisory Panel Members

**Sir Jonathon Porritt**  
 Founder of Forum for the Future, Advisory Panel Chair and sustainability thought leader



**Katherine Corich**  
 Chairman and Founder of Sysdoc and Non-Executive Director of the Civil Aviation Authority (UK)



**Dr Susanne Becken**  
 Professor of Sustainable Tourism, Griffith University, Australia



**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. Incoming Chair of Advisory Panel



**Nadine Toe Toe**  
 Director of Kohutapu Lodge & Tribal Tours





**This Sustainability Report provides a comprehensive update on the progress the airline has made to deliver on our Sustainability Framework and how we are tracking against key targets. Data and commentary in the Report is for the financial year starting 1 July 2022 and ending 30 June 2023, unless otherwise stated.**

Air New Zealand's organisational boundary for sustainability reporting encompasses the companies listed on page 4 of [Air New Zealand's 2023 Greenhouse Gas Inventory Report](#)<sup>1</sup>.

This year Air New Zealand is releasing its Sustainability Report alongside its Annual Report to ensure stakeholders can obtain a cohesive picture of the airline's impact in 2023.

In addition, the Sustainability Report incorporates the following:

- Climate-related Disclosures
- Workforce Profile
- Gender Pay Report

Deloitte Limited was engaged to provide reasonable assurance over the scope 1 and scope 2 components of the 2023 Greenhouse Gas Inventory detailed in this Sustainability Report, and limited assurance over the relevant categories of scope 3 emissions<sup>2</sup>. Refer to Air New Zealand's 2023 Greenhouse Gas Inventory Report for Deloitte Limited's Independent Assurance Report on the 2023 Greenhouse Gas Inventory.

Air New Zealand is committed to ongoing climate-related disclosures. This year, the Climate action section of the Sustainability Report has been structured with reference to the Aotearoa New Zealand Climate Standards (NZ CS). The year commencing 1 July 2023 will be the airline's first year of mandatory reporting under the new standards. New Zealand's External Reporting Board aimed to align the NZ CS with the International

Sustainability Standards Board's (ISSB) draft global climate-related disclosures prototype, which is closely aligned with the framework developed by the Taskforce on Climate-related Financial Disclosures (TCFD).

The contents of this report have been informed by the Global Reporting Initiative (GRI) sustainability reporting standards and the Sustainability Accounting Standards Board Standards for the Airline Industry (SASB). The [GRI and SASB content indices](#) in the Appendices of this report, provide an overview of the relevant GRI and SASB standards for our material topics and where to find related information.



We welcome feedback and comments – please contact us at [sustainability@airnz.co.nz](mailto:sustainability@airnz.co.nz)

## Our reporting approach





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

## Q and A with the Chair of the Sustainability Advisory Panel

### Q What are your key reflections on progress made with Air New Zealand's sustainability agenda in your nearly decade-long time as Chair?

**A** This will be my last contribution to an Air New Zealand Sustainability Report. After a wonderfully rewarding decade, first as an advisor and then as Chair of Air New Zealand's Sustainability Advisory Panel, I stepped down in August this year, handing over to my good colleague Sam Mostyn.

And what a decade it's been for Air New Zealand - and for aviation as a global industry! Up until the Covid pandemic hit in 2020, there were two contrasting data sets that dominated the industry: year-on-year growth in terms of passengers carried, and year-on-year growth in terms of the resulting carbon emissions.

Most "leaders" in the industry were focused almost exclusively on the former, and were largely dismissive of the latter - as in: "aviation's contribution is a mere 2% of total global emissions, there are no immediately available technological solutions to sort out those emissions, and people want to keep on flying, come what may".

I've always been keen to celebrate the fact that Air New Zealand took a very different stance throughout that time. Uncomfortable though it might have been to acknowledge its full carbon footprint, there was no denial, no sweeping things under the carpet for an easy time - with the result that Air New Zealand is now as well-placed as any airline in the world to push forward with a genuinely coherent decarbonisation strategy.

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

**A** This is an easy one: read the Report!

It's true that the decarbonisation challenge is by far the most important for all airlines, but they have a host of other responsibilities - to their own people, to the communities in which they operate, on waste issues, biodiversity, tourism, and so on.

Right from the start, our Panel was keen to see all this reflected in an integrated Sustainability Framework (see [page 11](#)). It's fair to say that performance against a number of the key targets in the Framework has clearly been affected by the Covid pandemic. Which means there's still a lot to be done to achieve the kind of excellence which we know both the Executive Team and the Board aspire to.

### Q Looking ahead, what do you want to see next for Air New Zealand?

**A** Above all, I want Air New Zealand to take its "special relationship" with New Zealanders much more seriously than it does today.

As the nation's much-loved carrier, 51% owned by the Government on behalf of all New Zealanders, with very high levels of trust, it would be all too easy to interpret that relationship as a "license" to go on giving New Zealanders what they want, to keep Ministers sweet by way of providing steady dividends, to stay just below the radar on the massive controversies in which the global aviation industry is already up to its neck - and to steer clear of the hard stuff in the way it engages with New Zealanders as its customers. And what a wasted opportunity that would be!

This airline has a uniquely privileged opportunity to help New Zealanders (both those who fly with it and those who don't) understand just what's coming down the track at them in terms of climate change and the wider sustainability story. That would mean using its "special relationship" to open up a different kind of discourse with its customers, to help strip away some of the entitled delusions that New Zealand is somehow better placed than most countries to "cope" with worsening climate chaos, and to co-create over the next decade a truly sustainable airline for the future - however different that might look from the kind of airline that does such a good job today.

Sir Jonathon Porritt  
Chair of Air New Zealand's Sustainability Advisory Panel  
August 2023





# About Air New Zealand

## **Air New Zealand plays a fundamental role in enabling the connections Aotearoa New Zealand needs to prosper.**

This was especially apparent in 2023, where the airline flew almost 16 million customers, operated 169,251 flights, and carried 114,000 tonnes of cargo around the globe and close to 37,000 tonnes of Aotearoa New Zealand exports.

At the heart of achieving these outcomes are incredibly dedicated Air New Zealanders who deliver on our promise of Manaaki – taking care further than any other airline, every day.

The past year has proven that an increasingly dynamic operating environment is here to stay. Airlines across the globe have dealt with the challenges of restarting in a post-Covid world and Air New Zealand has not been exempt from these challenges. Over the past 12 months, the airline has faced supply chain issues, staff shortages, the rising costs of inflation, and significant weather events, all of which have had an impact on our customers. We would like to thank customers for their patience while the airline gets back on track.

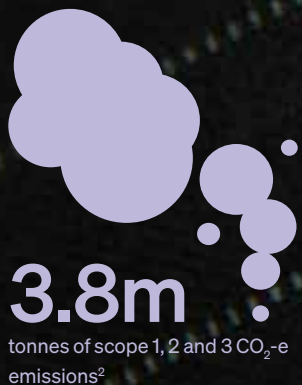
With all borders being opened for the first time since the pandemic, the extensive ramp up of operations in 2023 has led to a substantial increase in carbon emissions compared to 2022.

Taking real action and demonstrable steps towards delivering the ambitions outlined in our Sustainability Framework, especially those around climate action, will be a key component of enhancing our operational resilience and maintaining our social licence to operate.



Enrich Aotearoa New Zealand by connecting New Zealanders to each other and Aotearoa New Zealand to the world

# About Air New Zealand



**Mission Next Gen Aircraft**  
launched to make next generation aircraft a reality in Aotearoa New Zealand







## Empowering care of our people, communities, country and planet

### Te whakakaha i te manaakitanga o te tangata, o te hapori, o te motu whānui me te ao hoki

# Our sustainability framework

Air New Zealand's Sustainability Framework details the four priorities of our sustainability agenda, which this Sustainability Report is framed around:

- **Caring for New Zealanders**
- **Climate action**
- **Driving towards a circular economy**
- **Sustainable tourism**

Key focus areas and targets are outlined under each of these priorities to drive the delivery of ambitious action and hold us to account.

The focus areas and targets that sit underneath the priorities of the airline's Sustainability Framework are reported on annually. In addition, initiatives to progress our sustainability agenda are identified as part of the QBR process.

A number of targets detailed in the Sustainability Framework expired in 2023. As part of a refresh of our Sustainability Framework, new targets will be introduced in 2024.

These new targets will also take into account the Māori Strategy which was presented to the Board in 2023.

#### Framework development

To develop Air New Zealand's Sustainability Framework, we considered feedback from Air New Zealand's Board of Directors, Executive, Senior Leaders Forum, and our independent Sustainability Advisory Panel. We also considered feedback from our stakeholders, including customers, investors, communities, partners, key industry and sustainability organisations.

This consultation provided the foundation for our materiality assessment and enabled us to consider the feedback alongside the airline'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 the development of Kia Mau, our company-wide strategy.

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.



## At the centre of the United Nations 2030 Agenda for Sustainable Development are the 17 Sustainable Development Goals (SDGs).

The SDGs are an urgent call for action by all countries to end poverty, protect the planet, and ensure that all people enjoy peace and prosperity. Air New Zealand has the ability to positively impact ten of the SDGs through the four priorities of our [Sustainability Framework](#). The applicable SDGs are referenced within the four priorities of our Framework.

# Sustainable Development Goals





# Sustainability Framework



Empowering care of our people, communities, country and planet

Te whakakaha i te manaakitanga o te tangata, o te hapori, o te motu whānui me te ao hoki

## Our priorities



Caring for New Zealanders  
Te manaaki i ngā tāngata o Aotearoa



Climate action  
He mahinga taiao tūturu



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



Sustainable tourism  
He Tāpoi Mau Roa

## Our focus areas

- Care for Air New Zealanders and nurture a diverse, equitable and inclusive workplace
- Care for our customers and communities
- Support Aotearoa'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 Aotearoa
- 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 Engagement Index<sup>1</sup>.



Grow access to and use of employee assistance support tools (including Employee Assistance Programme, Peer Support Network and Bullying and Harassment Contacts).



Double our spend with Māori and Pasifika-owned businesses and social enterprises to \$24 million, and double our diverse sourcing relationships to at least 50 suppliers by the end of 2024.



Better connecting Aotearoa New Zealand exporters to the world by increasing cargo load factors on our widebody international network to 85%<sup>2</sup> by 2025 (from 67% in 2019).

1. Glint's Global Top 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.



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 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.



65% of total solid waste diverted from landfill by 2023<sup>3</sup>.

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



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 2023<sup>4</sup>.

4. As measured by Air New Zealand's Market Monitor that surveys 400-500 Aotearoa travellers each month.





# 01

## Climate action

# He mahinga taiao tūturu

Our climate is rapidly changing. This year, Aotearoa New Zealand experienced the impact of distressing and destructive weather events first hand.

In January, our hub at Auckland International Airport experienced flooding in the terminal and Auckland city experienced widespread damage and destruction. Less than a month later Cyclone Gabrielle devastated the East Coast of Aotearoa New Zealand, causing loss of life, displacement, and severe infrastructure damage. Flooding wreaked havoc in Nelson in August 2022. The need to address activities that are continuing to worsen the climate emergency and simultaneously prepare for a warmer future becomes more urgent every day.

As part of an industry reliant on fossil fuel, climate change and the transition to a low emissions economy presents a significant challenge for Air New Zealand and the aviation industry as a whole. The airline is committed to playing its part in addressing this challenge by taking steps to implement its decarbonisation strategy.

This Climate action section of the Sustainability Report details the

airline's progress and challenges it has faced in the year. It is structured with reference to the Aotearoa New Zealand Climate Standards (NZ CS) and the Taskforce for Climate-Related Financial Disclosures (TCFD).

The disclosures do not fully comply with NZ CS. From 1 July 2023, the airline will be required to disclose in accordance with NZ CS. Work is ongoing to enable the airline to comply with the new reporting regime.



Source: Mark Coote

**Kiri Hannifin**

Chief Sustainability Officer at Air New Zealand

"It's easy to fall in love with aviation, especially in a country like New Zealand where flying is often the only option we have to visit friends and whānau. And, as an island nation in the South Pacific, it is also how we see the world. Our purpose is to connect our people with each other and to bring the world closer – we get deep joy out of living this purpose every day. But we are very mindful that flying causes greenhouse gases that are contributing to the climate emergency. For a business driven by strong values, and a deep love, respect and connection to our land, this is immensely challenging. I am proud to work for a business that recognises becoming sustainable is its greatest challenge, and I am grateful to have a team of more than 11,000 Air New Zealanders committed to undertaking the mahi we need to overcome this. The task is immense – aviation is one of the most difficult sectors to abate – but Air New Zealand's ambition to this transition is unwavering."





## GOVERNANCE

# Governance body oversight

## The Board of Directors considers and provides direction on the airline's consideration of the impacts of climate change.

The Board is ultimately responsible for the airline's response to the risks and opportunities presented by issues related to climate change mitigation and adaptation.

Board oversight is primarily through its Audit and Risk Committee (ARC), which oversees key strategic risks including climate change.

The full Board has oversight responsibility and is closely engaged as the airline continues to develop its strategic position, monitor technological developments, and establish its reporting frameworks under NZ CS. The Board receives updates from the Chief Sustainability Officer on areas of responsibility and performance against targets on a quarterly basis. In addition, the Board engages with Management on sustainability matters, including the airline's roadmap to its 2030 science-based target, and considered and approved the climate scenarios being employed by the airline to test the resilience of its strategy.

Biannually, the Board receives an update on carbon compliance

obligations, addressing the airline's compliance with domestic and international obligations, including the New Zealand Emissions Trading Scheme (NZ ETS) and the International Civil Aviation Organization's Carbon Offsetting and Reduction Scheme for International Aviation (CORSA).

Additional sustainability-related matters that the ARC deals with in its quarterly schedule, including as part of the identification and management of strategic risks, are advised to the Board following each Committee meeting through the Committee's verbal report to the Board or as standalone Board agenda items where appropriate.

Strategic climate-related risks are also considered by the Board as part of the airline's Group Risk Profile which is an output of the airline's Enterprise Risk Management Framework (ERMF). Climate change risk, currently rated 'Very High' is the highest rated risk on Air New Zealand's Group Risk Profile.

The Board is comprised of directors who bring diverse perspectives, and demonstrate a variety of skills,

experience and competencies. On climate-related issues, the Board continue to actively increase their knowledge of climate change, its impacts and the mitigation and adaptation options available to the airline and the aviation industry. The Board is committed to developing its climate capability to continue to provide effective oversight of climate-related risks and opportunities.

The airline's external Sustainability Advisory Panel (refer to [page 4](#)) provides independent advice to the Board and Management on the climate-related aspects of the airline's sustainability strategy. This assists the airline to improve and develop its strategic response to the impacts of climate change. The Sustainability Advisory Panel meets with the Board biannually.

In addition to their contributions at the Air New Zealand Board table, Dame Therese Walsh, Laurissa Cooney and Jonathan Mason have been recognised by their peers as advocates for boards addressing climate change and appointed to the Steering Committee of Chapter Zero New Zealand, with Dame Therese being named as Chair.

Chapter Zero New Zealand is part of a global network of board directors committed to taking action on climate change. It is the local chapter of the Climate Governance Initiative, and hosted by the New Zealand Institute of Directors, with a mission to mobilise, connect, educate and equip directors and boards to make climate-smart governance decisions, thereby creating long-term value for both shareholders and stakeholders.

In December 2022, Air New Zealand Sustainability Advisory Panel Chair, Sir Jonathon Porritt and members Sam Mostyn AO and Professor Tim Jackson presented at a Chapter Zero New Zealand event sharing international governance insights, on behalf of Air New Zealand.





## GOVERNANCE

# Governance body oversight

**Progress against our 2030 science-based carbon reduction target has been incorporated into the airline's Short-Term Incentive Scheme with effect from the 2024 financial year. The Scheme includes a broad range of business measures to promote collaboration through shared objectives<sup>1</sup>. 15 percent of the incentive will be based on meeting the annual carbon intensity target.**

The airline's Risk Appetite Statement guides the Board when developing and overseeing implementation of the airline's strategy. In December 2022 the Board implemented a new Risk Appetite Statement, including a section dedicated to climate change, to provide clarity about the nature and degree of risks that can be taken and the rationale for those positions.

There is a requirement for Board papers to include explicit discussion of the sustainability impacts of the topic or proposal being presented. This includes (but is not limited to) consideration of alternatives where possible, climate-related risks and opportunities and where applicable will quantify any change

in greenhouse gas emissions. Board papers also consider relevant risk appetite factors, and provide visibility of compliance of material climate risk impacts with the Board's risk appetite.

The metrics and targets for managing climate-related risks and opportunities are primarily guided by the airline's roadmap to meet its 2030 science-based target. This roadmap defines the annual waypoints and milestones on the path to achieving the science-based carbon reduction target. Commencing in the 2024 financial year, the Board will receive six-monthly updates on progress against the target.

Additional metrics and targets may be identified by the Board,

ARC or Management that are focused on specific climate-related risks or opportunities and appropriate to the management of those risks within the broader framework.

<sup>1</sup> Refer to the Corporate Governance Statement in the 2023 Annual Report for more detail on the full Short-Term Incentive Scheme.





GOVERNANCE

## Management has day-to-day responsibility for identifying and managing climate-related risks and opportunities.

In November 2022, Kiri Hannifin joined the airline as the airline's first Chief Sustainability Officer. The Chief Sustainability Officer is a member of the Executive and reports to the Chief Executive Officer.

Climate-related workstreams are the responsibility of the full Executive, the Chief Sustainability Officer, operational management, and the Sustainability team.

Management focus is given to risk identification and ensuring that climate-related activities are adequately resourced and implemented, for example, programmes of work relating to Sustainable Aviation Fuel (SAF), next generation aircraft, operational optimisation, and regulatory compliance. Key issues are reported up to the Board and the ARC as appropriate.

Management prepare Quarterly Business Review memos outlining priorities for the next quarter. As a pillar of the company wide strategy, Kia Mau, climate matters are capable of being elevated to ensure sufficient resource is dedicated to climate-related projects.

Given the airline's 2030 science-based carbon reduction target, Management has agreed a quarterly governance cadence to monitor the airline's performance against its target to ensure focus is maintained across all identified mitigation levers, throughout the organisation. Progress reports will be provided to the Board on a six-monthly basis. These meetings will commence in the 2024 financial year.

Embedding climate risk in business decisions remains a focus area for the airline and Management. In 2023, Air New Zealand piloted an internal carbon tax on its flagship ultra long-haul route, Auckland to New York return - NZ1 and NZ2. An internal carbon tax applies an internal carbon price to an activity, and creates a dedicated revenue or investment stream which Air New Zealand ringfenced for investment in sustainability initiatives.

The internal carbon tax pilot has been extended for the next financial

year. It has been expanded to include operations to and from Chicago and Houston. The expanded pilot will provide learnings to inform consideration of a permanent internal carbon tax on select routes, as well as a broader shadow carbon price to help inform internal decision making.

The Corporate Governance Statement in the 2023 Annual Report includes details of Air New Zealand's organisational structure, showing where Board and Management-level positions and committees lie.

### Governance focus for next financial year:

- Commence 2030 science-based carbon reduction target governance forum to monitor and drive progress against target
- Establish the system and process for better incorporating climate risk in investment decisions, capital deployment and financial planning
- Continue to build climate capability, awareness and competence

# Management's role in assessing and managing climate-related risks and opportunities



STRATEGY

**Climate change is already directly and indirectly impacting the airline and its operations. In the reporting period, the following impacts have been realised.**

Carbon pricing

In 2023, the airline faced compliance obligations relating to greenhouse gas emissions.

*New Zealand Emissions Trading Scheme*

Air New Zealand is a participant in the NZ ETS 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 2022 calendar year, the airline's NZ ETS obligation was 557,841 tonnes CO<sub>2</sub>-e. The airline's compliance cost for the same period under the ETS was \$27.1 million, up from \$14.4 million in the 2021 calendar year, \$14.5 million in the 2020 calendar year and \$14.6 million in the 2019 calendar year.

The airline continues to advocate for NZ ETS auction proceeds to be used to accelerate the development and deployment of technologies to enable aviation decarbonisation and to ensure voluntary purchases of SAF can be fully recognised by the party investing in the emissions reductions (as allowed in other emissions trading schemes internationally). As such, the airline's import of SAF in September 2022 was not recognised in the NZ ETS in the 2022 calendar year.

*International Civil Aviation Organization's Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA)*

For emissions generated in international airspace, Aotearoa New Zealand participates in the International Civil Aviation Organization's (ICAO) CORSIA scheme. This requires the airline to monitor, report and verify its annual international emissions and purchase and cancel eligible units for any sectoral growth over a 2019 baseline. In the 2022 calendar year, the airline did not face an obligation under the CORSIA scheme.

Scope of international aviation regulation

At the 41st ICAO Assembly in October 2022, ICAO Member States adopted a collective long-term global aspirational goal of net zero carbon emissions by 2050. Member States also agreed on a new lower CORSIA baseline from 2024, defined as 85 percent of CO<sub>2</sub> emissions in calendar year 2019. These changes did not result in any financial impact in the year.

Access to SAF

*Premium paid on import of SAF*

In September 2022, the airline imported 1.2 million litres of SAF to Aotearoa New Zealand. The purpose of the import was to test the supply chain and understand the true cost of importing SAF to Aotearoa New Zealand. As Aotearoa New Zealand does not offer any subsidies or incentives for SAF, the airline faced the full cost of the product, paying a premium of around 4 times the price of jet fuel. The emissions reductions were not recognised under the NZ ETS.

*Investment in Feasibility Study*

In June 2023, following a detailed evaluation process, the airline in partnership with the New Zealand Government, announced it would proceed to the second phase of a detailed feasibility study considering the viability of domestically produced SAF. The second phase of the study will involve LanzaJet and Fulcrum BioEnergy considering the viability of SAF production in Aotearoa New Zealand using woody biomass and municipal solid waste as feedstocks respectively. Air New Zealand will commit research and development funding in excess of \$1.5 million to the studies (with the funding being provided in the 2024 financial year).

**Current impacts**





## STRATEGY

# Current impacts

**Air New Zealand acknowledges that climate change will increase the frequency and / or the severity of adverse weather events. Disclosures are provided on the basis that the following weather events were made more intense, more likely, or both due to climate change.**

### Auckland flooding event

In January 2023 a significant rainfall event occurred in the Auckland area, resulting in widespread surface flooding and damage across many suburbs and parts of Auckland. A State of Regional Emergency was declared in Auckland on the evening of 27 January.

While consistent rainfall commenced on 26 January, the serious deluge commenced in the early evening of 27 January. Rainfall continued through to 3 February. The rainfall stressed the stormwater systems of the city and those of individual buildings and sites, to the point that widespread flooding and water ingress damage resulted.

The National Institute of Water and Atmospheric Research (NIWA) reported that the expected rain for the entire summer (258mm) fell within one day (27 January)<sup>2</sup>. NIWA noted that the event was made more intense due to the influence of climate change<sup>3</sup>.

Air New Zealand is headquartered in Auckland and its main hub is located in Auckland. The domestic and international terminal buildings are owned and operated by Auckland International Airport Limited. Certain areas of each terminal are leased to the airline.

The entire ground floor of the international terminal was inundated with flood water to a depth of up to 300mm. Parts of the domestic terminal also experienced water ingress. Automatic bag drop machines, baggage belts and fittings in the dedicated Air New Zealand check-in area of the international terminal experienced damage.

Employees and customers were displaced until the working environment was temporarily restored. Both loss of equipment and facilities caused mass disruption to the airline's operations. All domestic and international travel was suspended due to damage sustained by the airline and to airport facilities. 821 flights were cancelled, impacting 49,000 customers, including 6,500 international customers. Domestic flights resumed on 28 January, and international flights resumed on 29 January.

The event impacted the airline's operations, employees and customers, and the Group Emergency Management Team was activated.

Refer to the Responding to crisis section on [page 44](#) for more information.

### Cyclone Gabrielle

Within a fortnight of the Auckland flooding event, from 11 to 14 February, Aotearoa New Zealand faced Cyclone Gabrielle. Northland, Auckland, Waikato, Tairāwhiti Gisborne and Hawke's Bay experienced heavy rain, strong winds, river flooding and landslides.

Analysis conducted by NIWA and World Weather Attribution<sup>4</sup> found evidence in rainfall measurements that very heavy rainfall is now more common in the areas affected by the cyclone, with climate change by far the most likely explanation<sup>5</sup>.

The Group Emergency Management Team was activated in advance of Cyclone Gabrielle reaching Aotearoa New Zealand. Preventative measures were taken prior to the arrival of the cyclone, including the relocation of aircraft to other parts of the country and pre-emptive cancellation of flights.

The airline experienced no damage to assets caused by the cyclone. However the airline did experience significant business interruption due to flight cancellations.

The airline, in coordination with Government agencies deployed a special assistance flight, carrying communication support, emergency supplies and airport operational staff into Tairāwhiti Gisborne.

The cost of Cyclone Gabrielle on the business will not be recoverable under insurance policies held.

Refer to the Responding to crisis section on [page 44](#) for more information.



STRATEGY

**In 2023, the airline conducted scenario analysis to identify climate-related risks and opportunities, to test the resilience of the airline’s current decarbonisation strategy and to prepare the airline to meet its regulatory obligations under NZ CS.**

Transition risks were analysed over three different time horizons: short-term (0 – 3 years), mid-term (3 – 10 years) and long-term (10 – 30 years). Physical risks<sup>6</sup> were analysed out to 2100. The airline’s four climate change scenarios each represent different climate warming and transition trajectories.

These four trajectories were chosen to align with the NZ CS requirement to develop at least three scenarios, including at least one 1.5°C scenario and at least one 3°C or greater scenario.

The four scenarios use Intergovernmental Panel on Climate Change (IPCC) Shared Socioeconomic Pathways (SSP) and Representative Concentration Pathways (RCP) as a foundation to ensure plausibility and were developed with reference to the External Reporting Board (XRB) guidance to form internally consistent scenarios.

Ambitious	Steady	Delayed	Insufficient
<b>1.5°C</b> SSP1; RCP1.9	<b>2.7°C</b> SSP2; RCP4.5	<b>3.6°C</b> SSP3; RCP7.0	<b>4.4°C</b> SSP5; RCP8.5
<ul style="list-style-type: none"> <li>• CO<sub>2</sub> emissions reach net zero by 2050 as green energy dominates</li> <li>• Aotearoa New Zealand invests heavily in green energy and experiences sharply increasing carbon prices</li> <li>• Aviation decarbonises rapidly, bolstered by rapid technology advancement, favourable policy settings, and customers prioritising climate-conscious businesses</li> </ul>	<ul style="list-style-type: none"> <li>• CO<sub>2</sub> emissions remain at current levels until 2050 as green energy becomes the majority source</li> <li>• Aotearoa New Zealand experiences a sharp rise in carbon prices and increased investments in green energy</li> <li>• Aviation technology advances steadily, with policy settings supporting the industry’s transition. Customers prioritise climate-focused businesses if price is comparable</li> </ul>	<ul style="list-style-type: none"> <li>• CO<sub>2</sub> emissions double by 2100, with incremental gains in green energy</li> <li>• Aotearoa New Zealand experiences a carbon price increase and moderate green energy investment</li> <li>• Aviation technology advances slower than anticipated, with limited policy support and limited SAF incentives. Customers prioritise price over climate concerns</li> </ul>	<ul style="list-style-type: none"> <li>• CO<sub>2</sub> emissions double by 2050, with no gains in green energy</li> <li>• Aotearoa New Zealand’s carbon price remains stable; there is minimal investment in green energy</li> <li>• Aviation technology advances significantly slower than anticipated, with no policy support or SAF incentives. Customers prioritise price over climate concerns</li> </ul>

# Scenario analysis



STRATEGY

The scenarios were developed by making selections across four sets of parameters:

Parameters

Key parameter categories

Approach

1. Global climate and socioeconomic pathway	<ul style="list-style-type: none"> <li>• Temperature outcomes</li> <li>• Socioeconomic outcomes</li> </ul>	<ul style="list-style-type: none"> <li>• Each scenario starts with a global climate and socioeconomic base</li> <li>• Pathways were adopted from IPCC AR6 scenarios – they are derived from Shared Socioeconomic Pathways (SSP) and Representative Concentration Pathway (RCP) combinations</li> </ul>
↓		
2. Global energy pathway	<ul style="list-style-type: none"> <li>• Electricity (renewables)</li> <li>• Hydrogen (green)</li> <li>• Liquid fuel (SAF)</li> </ul>	<ul style="list-style-type: none"> <li>• Global energy pathways generally flow from IPCC scenarios</li> <li>• Some assumptions made on basis of 'what needs to be true' for the global climate pathways to hold</li> </ul>
↓		
3. Aotearoa New Zealand-specific impacts	<ul style="list-style-type: none"> <li>• Aotearoa New Zealand physical and climate impacts</li> <li>• Aotearoa New Zealand energy impacts</li> <li>• Aotearoa New Zealand market and financial impacts (incl. cost of carbon)</li> </ul>	<ul style="list-style-type: none"> <li>• Aotearoa New Zealand-specific assumptions made on basis of 'what needs to be true' for global climate and global energy pathways to hold</li> <li>• Informed by best estimates from Aotearoa New Zealand research papers and expert and internal input, adjusted for scenarios</li> </ul>
↓		
4. Aviation-specific developments	<ul style="list-style-type: none"> <li>• Technology development</li> <li>• Operations</li> <li>• Policy environment</li> <li>• Customer demand for aviation</li> </ul>	<ul style="list-style-type: none"> <li>• Aviation-specific assumptions made on basis of 'what needs to be true' for global climate, global energy pathways, Aotearoa-specific impacts to hold</li> <li>• Informed by best estimates from aviation research papers and expert and internal input, adjusted for scenarios</li> </ul>

# Scenario analysis

Further physical risk analysis will continue in the 2024 financial year. The first phase of modelling considered activities and assets in Aotearoa New Zealand and the Pacific Islands. The next phase of physical climate risk analysis will extend to activities and assets in the rest of the global network, including Australia, Asia and North America.

The transition risk modelling demonstrated the interconnected nature of the risks faced by the airline and revealed areas of the airline's climate strategy requiring further analysis. The airline will continue to build on this scenario analysis to deepen its understanding of the impacts of climate change under different warming scenarios, the resilience of the airline's strategy in the face of these, and the potential resulting material financial implications.





STRATEGY

The transition risks defined below have been informed by the climate-related scenario modelling outlined above.

Time frame: **S** Short-term = 0-3 years **M** Mid-term = 3-10 years **L** Long-term = 10-30 years

Transition Risks

TCFD risk category	Climate-related risk	Potential financial impact	Term	Strategic response and mitigations
	<b>General</b>			
Policy and legal	<p>The risk of new or increased regulation to monitor and / or address activities, organisations or sectors that contribute to climate change. This could include:</p> <ul style="list-style-type: none"> <li>Expansion of the NZ ETS to include international aviation emissions</li> <li>Establishment of domestic aviation carbon reduction targets for Aotearoa New Zealand</li> <li>Inclusion of non-CO<sub>2</sub> emissions in CORSIA<sup>7</sup> and / or NZ ETS</li> <li>CORSIA fails to implement sufficient offsetting requirements resulting in unilateral regulation and as a consequence competitive distortions</li> </ul>	<p>Increasing the coverage of the NZ ETS to include international aviation emissions would increase the price of fossil jet fuel, increasing operating expenditure and contributing to higher airfares. However, increasing the price of fossil jet fuel would close the commercial gap between fossil jet fuel and SAF.</p> <p>Domestic aviation carbon reduction targets could result in policies that limit domestic aviation growth. However, policies could also be established that support the use and affordability of SAF in Aotearoa New Zealand.</p> <p>Including non-CO<sub>2</sub> emissions in CORSIA and / or NZ ETS would increase the coverage of the schemes and would thereby increase the price of fossil jet fuel and contribute to higher airfares.</p> <p>If CORSIA is perceived to be inadequate, unilateral country-specific compliance obligations could arise, leading to competitive distortions and presenting a risk to revenue.</p>	<p><b>S</b></p> <p><b>M</b></p> <p><b>L</b></p>	<p>Implementation of the airline's decarbonisation strategy to achieve reductions in gross carbon emissions, including improvements to operational efficiency, ongoing fleet renewal, investment in and advocacy for accelerating the availability and commercial viability of SAF, and advocacy and planning for next generation aircraft.</p> <p>Future carbon pricing assumptions considered in operational and strategic planning.</p> <p>Advocacy:</p> <ul style="list-style-type: none"> <li>to ensure emissions reductions enabled by voluntary purchases of SAF are properly reflected and allocated in the NZ ETS (as they are in other emissions trading schemes internationally).</li> <li>for domestic policies that support and accelerate gross emissions reductions within the aviation sector.</li> <li>providing ongoing support for a robust CORSIA scheme to reduce the risk of unilateral regulation arising.</li> </ul> <p>Engagement with:</p> <ul style="list-style-type: none"> <li>the New Zealand Climate Change Commission regarding its consideration of international aviation emissions.</li> <li>Sustainable Aviation Aotearoa regarding domestic aviation targets, international aviation emissions, non-CO<sub>2</sub> emissions and policy measures that will drive gross emissions reduction from the sector.</li> </ul> <p>Monitoring international regulatory developments to understand risk and opportunities.</p>
Market	<p>The risk associated with the way markets could be affected by climate change, including through shifts in supply and demand. This could include:</p> <ul style="list-style-type: none"> <li>Changing consumer behaviour</li> <li>Uncertainty in market signals</li> <li>Increased cost of raw materials</li> </ul>	<p>Increasingly climate conscious customers – leisure and business travellers seeking to reduce their own emissions footprint may reduce air travel consumption, resulting in reduced demand and reduced revenue.</p> <p>By the airline moving early to reduce its emissions, fares may need to increase before competitor fares do causing price sensitive customers to switch airlines, resulting in reduced demand and reduced revenue.</p> <p>Access to capital and insurance could reduce and the cost of capital and insurance could increase if demonstrable progress is insufficient.</p>	<p><b>S</b></p> <p><b>M</b></p> <p><b>L</b></p>	<p>Implementation of the airline's decarbonisation strategy to achieve reductions in gross carbon emissions, including improvements to operational efficiency, ongoing fleet renewal, investment in and advocacy to accelerate the availability and commercial viability of SAF, and advocacy and planning for next generation aircraft.</p> <p>Raise industry decarbonisation expectations and support mechanisms like international and domestic mandates that result in all airlines facing similar SAF costs.</p> <p>Building on current carbon reporting provided to corporate customers, providing Air New Zealand-specific carbon data to better inform customers as to their emissions footprint from travel.</p> <p>Developing a corporate and cargo SAF purchasing programme, to enable emissions reductions in-line with the Science Based Targets initiative guidelines.</p>
Reputation	<p>The risk to reputation and brand associated with changing customer or community perceptions of the aviation sectors contribution to climate change. This could include:</p> <ul style="list-style-type: none"> <li>Shifts in consumer preferences</li> <li>Stigmatisation of the aviation sector</li> <li>Increased stakeholder concern</li> </ul>	<p>Increasingly climate conscious customers – leisure and business travellers seeking to reduce their own emissions footprint may reduce air travel consumption, resulting in reduced demand and reduced revenue.</p> <p>Stakeholders, including customers, employees, investors, lenders, suppliers and insurers may push for more ambitious action from the airline.</p>	<p><b>S</b></p> <p><b>M</b></p> <p><b>L</b></p>	<p>Position the airline as progressive on climate matters, by implementing the airline's decarbonisation strategy to achieve reductions in gross carbon emissions, including improvements to operational efficiency, ongoing fleet renewal, investment in and advocacy to accelerate the availability and commercial viability of SAF, and advocacy and planning for next generation aircraft.</p> <p>Provide transparent public disclosures to inform and educate stakeholders.</p>

# Transition risks





STRATEGY

Time frame: **S** Short-term = 0-3 years **M** Mid-term = 3-10 years **L** Long-term = 10-30 years

Transition Risks

TCFD risk category	Climate-related risk	Potential financial impact	Term	Strategic response and mitigations
	<b>SAF related transition risks</b>			
Policy and legal	<p>The risk of limited, delayed or non-existent government support for SAF adoption. This could include:</p> <ul style="list-style-type: none"> <li>Lack of government support for SAF adoption in North America and / or current policy support is removed</li> <li>Lack of government support for SAF adoption in Aotearoa New Zealand, Australia and Asia</li> <li>Globally approved Book and Claim mechanisms do not develop as expected resulting in Air New Zealand having to procure physical SAF in Aotearoa New Zealand</li> <li>The risk of exposure to litigation or greenwashing claims based on SAF related statements</li> </ul>	<p>Lack of government support and / or removal of existing subsidies could result in increased SAF costs, increasing operating expenditure.</p> <p>Lack of government support for SAF in the Asia Pacific region could result in less SAF supply in the region and more expensive product, increasing operating expenditure and creating competitive distortions. Lack of policy support in Aotearoa New Zealand could result in limited access to physical SAF domestically.</p> <p>The introduction of SAF mandates in the Asia Pacific region without associated incentives to address the cost of the product could increase operating expenditure.</p> <p>Access to a globally endorsed Book and Claim mechanism would enable access to SAF without having to physically procure SAF in Aotearoa New Zealand resulting in access to lower cost SAF.</p> <p>Greenwashing claims, litigation or fines could increase costs and / or reduce demand for services.</p>	<p><b>M</b></p> <p><b>L</b></p>	<p><b>Advocacy in Aotearoa New Zealand</b></p> <ul style="list-style-type: none"> <li>Advocacy to support the supply and commercial viability of SAF in Aotearoa New Zealand. This includes advocating for a SAF specific mandate, access to feedstocks, SAF incentives, and SAF-specific policies to support the establishment of import supply chains and domestic production (including for Power-to-Liquid SAF).</li> <li>Engagement in Sustainable Aviation Aotearoa, the public private body designed to support aviation decarbonisation in Aotearoa New Zealand, including the working group dedicated to increasing access to and supply of SAF in Aotearoa New Zealand.</li> <li>Partnership with the New Zealand government to explore domestic SAF production in Aotearoa New Zealand, to secure local supply and improve fuel security.</li> <li>Engagement with New Zealand government on the use of SAF in the NZ ETS.</li> <li>Engagement with New Zealand government, Trade and Tourism industries regarding the role of SAF.</li> </ul> <p><b>Advocacy in Asia-Pacific region</b></p> <ul style="list-style-type: none"> <li>Advocacy and engagement with Australian government, policy makers and the Australian Jet Zero Council to support the supply and commercial viability of SAF in Australia.</li> <li>Advocacy for SAF via Bioenergy Australia and the Sustainable Aviation Fuel Alliance Australia and New Zealand (SAFAANZ).</li> <li>Advocacy and engagement with governments and policy makers to support the supply and commercial viability of SAF in Asia.</li> <li>Advocacy to prioritise feedstocks for hard-to-abate sectors.</li> <li>Participation in World Economic Forum's Clean Skies for Tomorrow Coalition.</li> <li>Advocate for robust sustainability criteria for SAF within regulatory frameworks (including mandates) and within the sector for voluntary SAF purchases.</li> <li>Advocate for and support the development of Power-to-Liquid SAF to reduce reliance on biogenic SAF.</li> </ul>

# Transition risks, continued



STRATEGY

Time frame: **S** Short-term = 0-3 years **M** Mid-term = 3-10 years **L** Long-term = 10-30 years

Transition Risks

TCFD risk category	Climate-related risk	Potential financial impact	Term	Strategic response and mitigations
<b>SAF related transition risks (continued)</b>				
Technology	<p>The risk associated with substitution of fossil jet fuel with SAF to support the transition to a low emissions economy. This could include:</p> <ul style="list-style-type: none"> <li>SAF feedstock limitations</li> <li>Operating and capital costs for SAF pathways do not decline as expected</li> <li>Power-to-Liquid SAF and already approved SAF technology pathways do not deliver expected emissions reductions as they scale</li> <li>Unsuccessful investment in new technologies</li> </ul>	<p>Cost of SAF is around 2 to 5 times the cost of fossil jet fuel. Uplift of SAF will increase operating expenditure.</p> <p>SAF supply limitations could result in increased compliance costs and associated reputational damage.</p> <p>Research and development expenditure in feasibility studies considering domestic production of SAF.</p>	<p><b>S</b></p> <p><b>M</b></p> <p><b>L</b></p>	<p><b>Support for Book and Claim</b></p> <ul style="list-style-type: none"> <li>Advocacy and engagement in support of robust Book and Claim mechanisms with the Roundtable of Sustainable Biomass and the World Economic Forum (WEF) SAFc programme.</li> <li>Participation in the WEF SAFc trial in June 2023.</li> <li>Advocacy and engagement with New Zealand government and stakeholders regarding the role and recognition of Book-and-Claim in Aotearoa New Zealand.</li> <li>Education for customers regarding Book-and-Claim.</li> </ul> <p><b>SAF Procurement and supply</b></p> <ul style="list-style-type: none"> <li>Geographically diversify SAF supply.</li> <li>Diversify across feedstocks with varying emissions reduction factors.</li> <li>Negotiate contractual mechanisms with potential SAF suppliers including provisions to exit or reduce volume if subsidies are not available or are rescinded.</li> <li>Collaboration with partner airlines on developing global SAF supply, including via Star Alliance membership.</li> <li>Adhere to strict sustainability criteria for SAF procurement.</li> </ul> <p><b>Disclosures</b></p> <ul style="list-style-type: none"> <li>Provide transparent public disclosures regarding SAF, including the proportions of SAF and fossil jet fuel purchased.</li> </ul>
Market	<p>The market risk associated with SAF. This could include:</p> <ul style="list-style-type: none"> <li>Inability to access sufficient SAF supply to meet public targets</li> <li>SAF prices fall but contractually locked into higher offtake prices, particularly in the Asia Pacific region</li> <li>SAF prices increase, but not fast enough to contract at lower prices, particularly in North America region</li> <li>Air New Zealand enters into contracts with unfavourable terms relative to competitors</li> </ul>	<p>Not accessing sufficient volumes of SAF to meet public targets could result in reputational damage.</p> <p>Inability to secure competitive SAF prices could result in increased operating expenditure and competitive distortions.</p>	<p><b>S</b></p> <p><b>M</b></p> <p><b>L</b></p>	<p><b>Disclosures</b></p> <ul style="list-style-type: none"> <li>Provide transparent public disclosures regarding SAF, including the proportions of SAF and fossil jet fuel purchased.</li> </ul>
Reputation	<p>The risk to brand and reputation associated with the use of SAF. This could include:</p> <ul style="list-style-type: none"> <li>Use of SAF feedstocks that offer limited environmental benefits or cause perverse environmental outcomes</li> <li>Customers may not accept SAF as an abatement lever</li> <li>The risk of exposure to litigation or greenwashing claims based on SAF related statements</li> </ul>	<p>Adhering to robust sustainability criteria in the procurement of SAF may result in lower SAF supply and / or higher prices, resulting in increased operating expenditure.</p> <p>Greenwashing claims, litigation or fines could increase costs and / or reduce demand for services. Greenwashing claims or litigation could erode trust in the brand.</p>	<p><b>S</b></p> <p><b>M</b></p> <p><b>L</b></p>	<p><b>Disclosures</b></p> <ul style="list-style-type: none"> <li>Provide transparent public disclosures regarding SAF, including the proportions of SAF and fossil jet fuel purchased.</li> </ul>

# Transition risks, continued





STRATEGY

Time frame: **S** Short-term = 0-3 years **M** Mid-term = 3-10 years **L** Long-term = 10-30 years

	TCFD risk category	Climate-related risk	Potential financial impact	Term	Strategic response and mitigations
Transition Risks	<b>Next generation aircraft related transition risks</b>				
	Policy and legal	<p>The risk of limited, delayed or non-existent government support for next generation aircraft development and use. This could include:</p> <ul style="list-style-type: none"> <li>Aviation regulator in Aotearoa New Zealand limiting or delaying the use of next generation aircraft in Aotearoa New Zealand</li> <li>Protracted development of regulatory, compliance and safety standards for next generation aircraft</li> <li>Lack of government support for green hydrogen development and adoption in Aotearoa New Zealand</li> <li>Lack of government support for scaling of renewable electricity generation in Aotearoa New Zealand</li> <li>The risk of exposure to litigation or greenwashing claims based on limited progress against stated next generation aircraft aspiration</li> </ul>	<p>Delayed regulations could slow or constrain the use of new technologies (and the pace of development of new technologies), limiting the ability to generate revenue from these new aircraft. Lack of government support could result in increased cost of renewable energy and green hydrogen, increasing operating expenditure.</p> <p>Greenwashing claims, litigation or fines could increase costs and / or reduce demand for services.</p>	<p><b>S</b></p> <p><b>M</b></p> <p><b>L</b></p>	<p><b>Advocacy In Aotearoa New Zealand</b></p> <ul style="list-style-type: none"> <li>For new policy measures to support the development and deployment of next generation aircraft, including more government resourcing to expedite regulatory and standard setting processes.</li> <li>To inform future renewable electricity demand scenarios and infrastructure requirements.</li> <li>For green hydrogen policy support, including de-risking first of a kind innovations and ongoing affordability interventions.</li> <li>Engagement in Sustainable Aviation Aotearoa, including the working group dedicated to deployment of next generation aircraft in Aotearoa New Zealand.</li> <li>Member of the Hydrogen Consortium, alongside Airbus, Christchurch Airport, Fortescue Future Industries, Hirlinga Energy and Fabrum, launched to support next generation aviation in Aotearoa. The consortium is examining the regulations, policies and incentives required to support green hydrogen use in aviation.</li> <li>Participation in the World Economic Forum's Target True Zero coalition.</li> </ul>
	Technology	<p>The risk associated with adoption and deployment of novel propulsion next generation aircraft to support the transition to a low emissions economy. This could include:</p> <ul style="list-style-type: none"> <li>Late availability of next generation aircraft</li> <li>Higher than expected incremental capital expenditure and / or maintenance costs</li> <li>Production costs for green hydrogen do not decline as expected, increasing energy costs</li> <li>Network limitations due to lack of required airport infrastructure</li> <li>Limited talent availability for maintenance and operation of next generation aircraft</li> </ul>	<p>Late availability of next generation aircraft will increase volumes of SAF required, potentially increasing operating costs and compliance costs.</p> <p>Capital investment(s) in new aircraft technologies could be higher than anticipated.</p> <p>Procurement of green hydrogen could increase operating expenditure if production costs do not decline.</p> <p>Lack of airport infrastructure could limit the network flown by next generation aircraft, reducing revenue due to limits on aircraft use.</p> <p>Limited availability of qualified employees could increase workforce expenditure and lead to increased expenditure on employee attraction and retention.</p> <p>New practices and processes associated with next generation aircraft could increase the costs associated with deployment.</p>	<p><b>M</b></p> <p><b>L</b></p>	<p><b>Technology and infrastructure</b></p> <ul style="list-style-type: none"> <li>Ongoing engagement with commercial demonstrator partners and long-term next generation aircraft partners to support the development of these aircraft, including providing the airline's own specifications and network requirements.</li> <li>Potential investment in commercial demonstrator project to understand true cost of aircraft, operating realities, and readiness of Aotearoa New Zealand for next generation aircraft.</li> <li>Engagement with airports in Aotearoa New Zealand regarding infrastructure and energy requirements for next generation aircraft.</li> <li>Partnership with Airbus to explore the deployment of hydrogen-powered aircraft in Aotearoa New Zealand.</li> </ul>
	Market	<p>The market risk associated with next generation aircraft. This could include:</p> <ul style="list-style-type: none"> <li>Inability to access enough energy due to limited green hydrogen availability</li> <li>Green hydrogen prices fall but contractually locked into higher offtake prices</li> <li>Curse of early adoption for next generation aircraft - costs could come down for later models</li> </ul>	<p>Inability to secure competitive energy prices could result in increased operating expenditure.</p>	<p><b>S</b></p> <p><b>M</b></p> <p><b>L</b></p>	<p><b>Early adoption</b></p> <ul style="list-style-type: none"> <li>Negotiate contractual mechanisms to exit contracts if prices fall significantly.</li> <li>Seek third-party support to de-risk first of a kind investment in next generation aircraft.</li> </ul>
	Reputation	<p>The risk to brand and reputation associated with the use of next generation aircraft. This could include:</p> <ul style="list-style-type: none"> <li>Limited social licence to consume renewable energy (renewable electricity, green hydrogen) if not demonstrably additional</li> <li>The risk of exposure to litigation or greenwashing claims based on limited progress against stated next generation aircraft aspirations</li> </ul>	<p>The renewable electricity consumed by a next generation aircraft fleet (directly or as an input to creating green hydrogen) could introduce reputational or brand damage if it diverts renewable resources from other parts of the economy.</p> <p>Greenwashing claims, litigation or fines could increase costs and / or reduce demand for services. Greenwashing claims or litigation could erode trust in the brand.</p>	<p><b>M</b></p> <p><b>L</b></p>	

# Transition risks, continued



**STRATEGY**

Physical risks are risks arising from changes in the regional and global climate and the consequential impacts and events. These may include acute physical damage from variations in weather patterns (for example severe storms, coastal/tidal flooding, drought) or chronic impacts (for example sea level rise and temperature increase).

Time frame: **S** Short-term = 0-3 years **M** Mid-term = 3-10 years **L** Long-term = 10-30 years

Physical Risks	TCFD risk category	Climate-related risk	Potential financial impact	Term	Strategic response and mitigations
	Acute	Risk of increasing frequency and / or severity of extreme weather events resulting in disruption to flights and the wider network.	<p>Decreased or disrupted flying could reduce revenue and increase operational expenditure.</p> <p>Damage to infrastructure presents risk of increasing capital costs.</p> <p>Increased insurance premiums and potential for reduced availability of insurance on assets in "high risk" locations.</p> <p>Increased operating expenditure caused by airports passing on adaptation costs.</p>	<p><b>S</b></p> <p><b>M</b></p> <p><b>L</b></p>	<p>Implementation of flight planning software using advanced data analytics to optimise flight paths both in planning and dynamically once aircraft are airborne.</p> <p>Thunderstorm detection technologies and reporting systems are established across the aircraft fleet. Pilot training and qualifications extensively cover meteorological phenomena including Aotearoa New Zealand specific conditions. Operating policies specifically provide additional holding fuel when thunderstorms are forecast to provide assurance of flexibility to avoid thunderstorms enroute and at airports.</p> <p>At Nelson Airport, a bunding system has been implemented to mitigate against future flooding events. This system was effective in mitigating flood damage during the Nelson flooding event in August 2022.</p> <p>Investment in contact centre resource and training to better serve customers in periods of disruption.</p> <p>Customers provided pre-emptive ability to manage flights where disruption predicted.</p>
Chronic	Risk of longer-term shifts in climate patterns (including sustained higher temperatures, sea level rise, changing precipitation patterns) that may cause network disruption and loss of access to airports, other aviation support facilities, critical infrastructure and supply chains.	<p>Decreased or disrupted flying could reduce revenue and increase operational expenditure.</p> <p>Damage to infrastructure presents risk of increasing capital costs.</p> <p>Increased insurance premiums and potential for reduced availability of insurance on assets in "high risk" locations.</p> <p>Increased operating expenditure caused by airports passing on adaptation costs.</p>	<p><b>S</b></p> <p><b>M</b></p> <p><b>L</b></p>	<p>Spatial master planning process identifies infrastructure risks and these are reflected in master planning.</p> <p>Ensuring maintenance is fit for purpose and current to legislation and regulation for building resilience.</p>	

# Physical risks



STRATEGY

## Air New Zealand's transition plan is guided by its long-term and interim carbon reduction targets.

In 2020 Air New Zealand announced its ambition to reach net zero carbon emissions by 2050, ahead of the International Air Transport Association's (IATA) industry commitment. In 2023, an ambitious science-based carbon reduction target was set to guide progress in the period to 2030.

### 2030

Reduce carbon intensity by 28.9 percent by 2030, compared to a 2019 baseline.

Developed with reference to the Science Based Target initiative's aviation methodology. Validated by the Science Based Target initiative.

### 2050

Achieve net zero carbon emissions by 2050.

Developed with reference to the IATA resolution to achieve net zero carbon emissions by 2050.

The 2030 target is both ambitious and aspirational and will be challenging to deliver. Notwithstanding the significant challenges, it is embedded in the company strategy, Kia Mau, to ensure the airline consistently aims high, regularly monitors and maintains the necessary momentum to drive the transition to a lower emissions operating model.

Progressing these targets will require a range of levers – some of which Air New Zealand can control and others that will require collaboration across the aviation industry and with policy makers to progress.

# Air New Zealand's transition plan

**Levers we control:**

**Operational efficiency**

Optimising carbon efficiency from flight and ground operations

**Continued fleet renewal**

Rollover of current fleet to new aircraft that achieve greater fuel efficiency

**Levers that rely on collaboration with industry and policy makers:**

**SAF**

Non-fossil derived jet fuel, lifecycle carbon reduction savings, compatible with existing aircraft without modification

**Next generation aircraft**

Future green hydrogen, battery or hybrid aircraft technologies

**Carbon removal solutions**

Credible carbon removal solutions aligned to international best practice

Our success to deliver on the targets will require governments, customers, innovators and others to all play their part, alongside the airline.

Air New Zealand is focused on using its platform to influence and drive positive change in areas beyond its control. Advocacy forms a key component of the airline's decarbonisation strategy.





STRATEGY

## In 2023 Air New Zealand continued to build the foundations of its SAF programme.

It was a year of firsts, with the airline receiving its first SAF import to Aotearoa New Zealand, trialling its first book and claim SAF transaction, closing the first stage of its SAF domestic production feasibility study and moving to the second stage of feasibility consideration.

At the beginning of the year, the airline announced it would aim for 1 percent of its jet fuel use in the year to be SAF. The airline encountered a number of challenges in pursuit of this target, falling short with only 0.11 percent of all fuel being SAF in the year. The airline had two separate opportunities to import SAF to Aotearoa that would have enabled the target to have been met. However, due diligence revealed these SAF sources did not meet the airline's sustainable procurement criteria so were not transacted. Supply limitations at overseas ports also impacted the airline's ability to meet the target. The learnings gained from pursuing this target have been invaluable for the airline as it looks to build its SAF purchasing programme. In particular, the actions taken in attempting to meet this goal provided vital learnings on the complexity of SAF supply chain sustainability and the reality of global SAF supply limitations. It also confirmed the true cost of SAF in the Asia Pacific region (being four to five times the cost of fossil jet fuel), where there is an absence of supportive SAF policies.

Air New Zealand received its first import of SAF into Aotearoa New Zealand in September 2022. The 1.2 million litre delivery, in its neat (unblended) form reduced lifecycle carbon emissions by at least 80 percent compared to fossil jet fuel. The SAF was produced from tallow by the world's largest SAF supplier, Neste, and imported in partnership with Z Energy. The shipment was critical to furthering the airline's understanding of SAF import supply chain logistics, customs processes, SAF emissions accounting, SAF sustainability certification and documentation, and the true cost of importing SAF to Aotearoa New Zealand.

In June 2023, Air New Zealand trialled its first book and claim SAF transaction as part of the World Economic Forum's (WEF's) SAF Certificate (SAFc) pilot. The airline participated in the pilot in partnership

with SAF supplier SkyNRG, and its corporate customer PwC New Zealand.

Like a renewable electricity certificate, a SAFc represents the environmental attributes of a metric tonne of neat SAF and can be sold unbundled from the physical fuel. Each SAFc has at least two connected carbon reduction claims – one that can be made by the airline to reduce its scope 1 emissions, and another that can be claimed by a user of aviation services (in this case, PwC New Zealand) to reduce its scope 3 emissions.

Via the pilot, Air New Zealand purchased SAF Claims related to a volume of 5,000 metric tonne (mt) of SAF. The SAF volume delivered had a carbon intensity of 14,883 g CO<sub>2</sub>e/MJ or 0,655 mt CO<sub>2</sub>e/mt SAF, and reduced emissions by 3,261 mt CO<sub>2</sub>e/mt SAF compared to fossil jet fuel. The airline therefore reduced its scope 1 footprint by 16,306 mt CO<sub>2</sub>e. The purchased SAF Claims related to the total volume of SAF and emissions reductions are verified and accredited by an independent third party: SCS Global Services. These emissions reductions were not included in the airline's greenhouse gas inventory given the trial nature of the project.

By enabling the investment in SAF regardless of geographic location, book and claim SAF transactions have the potential to play a vital role for airlines and their customers with decarbonisation targets in regions where there is no SAF produced and/or where the cost of SAF is high - such as in Aotearoa New Zealand. Air New Zealand will continue to support the development of SAF book and claim mechanisms internationally to advance aviation decarbonisation and enable more Aotearoa businesses to start decarbonising their supply chains in tangible ways.



# Transition plan SAF



STRATEGY

## In 2023, Air New Zealand and the Ministry of Business, Innovation and Employment (MBIE) completed stage one of a joint study into the viability of domestic SAF production.

The process invited leaders in innovation to demonstrate the feasibility of operating a SAF plant at a commercial scale in Aotearoa New Zealand. From this process, two SAF technology providers, LanzaJet and Fulcrum BioEnergy, and their respective project partners have been selected to progress to stage two of the study, which is designed to determine commercial viability and sustainability of domestic SAF production with greater accuracy. The respondents will be exploring the use of Aotearoa New Zealand waste products to produce SAF, including forestry waste and landfill waste. It is anticipated that stage two of the study will be completed during calendar year 2024. Air New Zealand will commit research and development funding in excess of \$1.5 million to the studies<sup>8</sup>.



**Jimmy Samartzis**  
Chief Executive Officer at LanzaJet, Inc.

"SAF is the single greatest opportunity the aviation industry has to decarbonize over the coming decades. LanzaJet is thrilled to be partnering with Air New Zealand to help the country lead the way towards a sustainable future. It's going to take collaborative work between airlines, governments, producers and others across the world to build this industry and ensure air travel is able to grow sustainably and continue to connect the cultures, families, and economies across the world for generations to come – and SAF will be a critical component in getting us there."



**Flynn van Ewijk**  
Director - Project Development at Fulcrum BioEnergy

"Fulcrum BioEnergy applauds Air New Zealand and the New Zealand government for pursuing domestic SAF production in Aotearoa New Zealand. We look forward to investigating the commercial viability and sustainability of a Fulcrum plant that would convert domestic landfill waste into low-carbon SAF, and help address dual environmental challenges of landfills and greenhouse gas emissions from aviation."



**SAF is a drop-in 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 typically reduces lifecycle carbon emissions by 70 percent or more compared with traditional fossil jet fuel. At the current time, 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 very high.

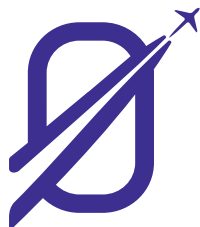
Find out more [here](#).

# Transition plan SAF



STRATEGY

Following the release of the Product Requirements Document (PRD) in December 2021 that shared Air New Zealand's vision and specifications for next generation aircraft technologies, the airline has refined its list of partners to work towards making next generation aircraft a reality.



Mission Next Gen Aircraft

This has culminated in the launch of **Mission Next Gen Aircraft** created to accelerate the development of next generation aircraft technologies and the infrastructure and ecosystem required to make these a reality for commercial aviation in Aotearoa New Zealand.

Mission Next Gen Aircraft has two ambitious goals:

1. Fly the first commercial demonstrator flight from 2026
2. Begin replacing the Q300 domestic fleet with a more sustainable aircraft – likely green hydrogen or battery hybrid systems from 2030

The next three years will be focused on working with partners to support the building, testing and certification of next generation aircraft and associated infrastructure.

To enable the breakthrough goal of flying a commercial demonstrator flight from 2026, Air New Zealand has partnered with **four leading aircraft developers and innovators**: Beta Technologies, Cranfield Aerospace, Eviation, and VoltAero to build and potentially launch next generation aircraft in Aotearoa New Zealand. These companies represent a combination of electric, green hydrogen and hybrid aircraft technologies. Air New Zealand's aspiration is to confirm its commitment with one or more of these partners in the next 12 months with the ambition of purchasing an aircraft for delivery from 2026.

The learnings taken from flying an aircraft with next generation propulsion technology from 2026 will establish a foundation for long-term green hydrogen and battery hybrid partners to deliver aircraft that could potentially replace the Q300 domestic fleet.

# Transition plan Next Generation Aircraft



Paul Eremenko

Chief Executive Officer at Universal Hydrogen

"We're pleased with the progress made in our partnership with Air New Zealand over the past year. It's an honour to be part of their 'Mission Next Gen Aircraft' program, alongside industry leaders such as Airbus, Embraer, and others. The debut flight of our hydrogen Dash 8-Q300 flying testbed this year, the world's largest hydrogen fuel cell aircraft, marked a defining moment in our partnership. Our joint focus remains unwavering—to have low-emissions hydrogen regional airplanes operating as part of Air New Zealand's fleet by the end of the decade."



Next generation aircraft technology encompasses aircraft designs including battery electric, hydrogen fuel cell, hydrogen combustion and hybrid concepts.

Hydrogen, battery and hybrid technologies are still under development by aircraft manufacturers and innovators. However, we expect to see this technology mature and be a possibility for Air New Zealand from 2030 on shorter domestic and regional flights. While we believe SAF is currently the best solution to decarbonise long-haul flights, Aotearoa New Zealand's domestic network is made up of mostly short range routes, that make the country well placed to deploy next generation aircraft technology.

Find out more [here](#).

To progress towards the 2030 target to begin replacing the Q300 fleet with more sustainable options, Air New Zealand announced **three additional long-term partners**: Universal Hydrogen, Embraer and Heart Aerospace who join Airbus and ATR. These long-term partners are developing green hydrogen and battery-hybrid aircraft with seat capacities of 30 seats and upwards.





STRATEGY

# Transition plan Next Generation Aircraft

In February 2023, Air New Zealand alongside a group of businesses from across the aviation hydrogen value chain, including Christchurch International Airport, Airbus, Hiringa Energy, Fortescue Future Industries, and Fabrum launched the Hydrogen Consortium.

The Hydrogen Consortium’s vision is to support Aotearoa New Zealand to pioneer the commercial deployment of green hydrogen-powered aircraft. The Hydrogen Consortium will work together to design a hydrogen ecosystem for aviation in Aotearoa New Zealand. The first phase will focus on research, which will be completed and publicly released by the end of calendar year 2023. The consortium will develop a vision for hydrogen aviation in Aotearoa New Zealand, examine the hydrogen supply chain and its challenges, assess the local aviation market’s projected hydrogen needs to 2050, and develop a pathway of policies, regulations and incentives to promote the development of hydrogen aviation.

Air New Zealand continues to support the World Economic Forum’s Target True Zero Coalition, designed to accelerate the deployment and scaling of next generation aviation. Air New Zealand contributed to the Coalition’s White Paper: [Target True Zero: Delivering the Infrastructure for Battery and Hydrogen-Powered Flight](#). The White Paper identified actions required to support the introduction and growth of alternative propulsion within the aviation system.

Air New Zealand has also teamed up with Victoria University of Wellington’s Robnson Research Institute to help the airline evaluate and validate aircraft propulsion technology as concepts develop and mature. In addition, Air New Zealand will work with Paihau – Robnson Research Institute to ensure new aircraft technology can be integrated into Aotearoa’s future air transport system.



STRATEGY

**Air New Zealand has an average operating fleet age of 7.9 years<sup>9</sup>, making it a young and fuel-efficient fleet.**



**7.9**  
years average operating  
fleet age

# Transition plan

## Continued fleet renewal & operational efficiency

Fleet modernisation continues with two Airbus A321neo aircraft being welcomed to the domestic fleet by 2024, two Airbus A321neo aircraft being welcomed to the international fleet by 2025, and a further two Airbus A321neo aircraft being delivered to the domestic fleet by 2027. More fuel-efficient Boeing 787 Dreamliners powered by new GE GENx engines are on order and will replace the Boeing 777-300ER fleet as they are phased out of operation towards the end of the decade.

**Operational efficiency**

In December 2022, a cross functional Turboprop Carbon Reduction Governance Group was established with senior leaders from across the business. The purpose of the group is to realise the carbon reduction opportunities in the turboprop fleet, provide the necessary support to address barriers and implement new practices and to empower pilots to safely engage in climate action. A Turboprop Carbon Reduction Delivery Group has also been formed to introduce carbon reduction policies, procedures, standards and training strategies to optimise turboprop flight operations.

To embed sustainability thinking in the Turboprop pilot cohort, education sessions have been included in the turboprop pilot technical refresher courses. These presentations introduce sustainability, specifically decarbonisation, to the turboprop pilot group.





## STRATEGY

## Air New Zealand is committed to doing what it can to decarbonise its operation. However, the airline cannot solve the decarbonisation challenge or reach its targets alone.

Aviation decarbonisation will require coordinated decision-making across the transport, energy, trade and tourism sectors. It will be a journey that Air New Zealand shares with the New Zealand government, policy makers in its global network, and other stakeholders across the economy.

In November 2022, Sustainable Aviation Aotearoa was launched. Sustainable Aviation Aotearoa is a public-private body led by the Ministry of Transport focused on aviation decarbonisation. The body is sponsored by the Associate Minister of Transport, the Minister of Energy and Resources and the Minister for Research, Science and Innovation. The body will have three working groups with different focuses. One will focus on SAF, one will focus on next generation aircraft, and one will focus on strategic aviation policy. Air New Zealand is represented on the leadership group and in all of the working groups. The launch of Sustainable Aviation Aotearoa marked a positive step towards greater

cohesion, coordination and focus on the policy support required to accelerate the decarbonisation of aviation in Aotearoa New Zealand.

Air New Zealand has supported the establishment of the Australian Jet Zero Council and will encourage engagement, and ideally harmonisation, between the Australian Jet Zero Council and Sustainable Aviation Aotearoa.

Air New Zealand supports domestic and international efforts to mitigate climate change. Air New Zealand continues to actively engage with policy makers and participate in government consultations on climate change policy, advocating for research, policies, and investment to support the airline's SAF strategy, the timely deployment of next generation aircraft technologies, and a renewable energy system in Aotearoa New Zealand that properly plans for additional electricity demand from aviation and supports the scaling of green hydrogen. Submissions prepared by the airline in the year are available [here](#).

Air New Zealand is a member of a number of organisations dedicated specifically to climate issues. These include the New Zealand Climate Leaders Coalition, the Sustainable Business Council, the Aotearoa Circle, the Sustainable Aviation Fuel Alliance of Australia and New Zealand and the New Zealand Hydrogen Council.



Scaling and accessing SAF requires an enabling policy environment. This can include measures such as SAF specific mandates, access to feedstocks, SAF incentives (like those available in North America) and research and development support. Air New Zealand also supports robust sustainability criteria being attached to SAF-related policy interventions.

# Transition plan Advocacy







STRATEGY

## The airline continues to support its customers to better measure and understand the emissions generated from air travel.

For corporate and cargo customers, the airline has been developing an Air New Zealand specific tool to more accurately measure emissions generated on Air New Zealand services. This tool is expected to launch in September 2024.

In July 2023, enhancements were made to the Voluntary Emissions Contribution Programme available to retail customers through the Air New Zealand website. The calculation of emissions from travel on Air New Zealand services was updated in accordance with the International Air Transport Association Recommended Practice RP 1726 methodology. This includes a bespoke Air New Zealand specific emissions factor and a factor for radiative forcing. The bespoke emissions factors take into account the particular aircraft type, the route being flown and historical fuel data collected from the route over time.

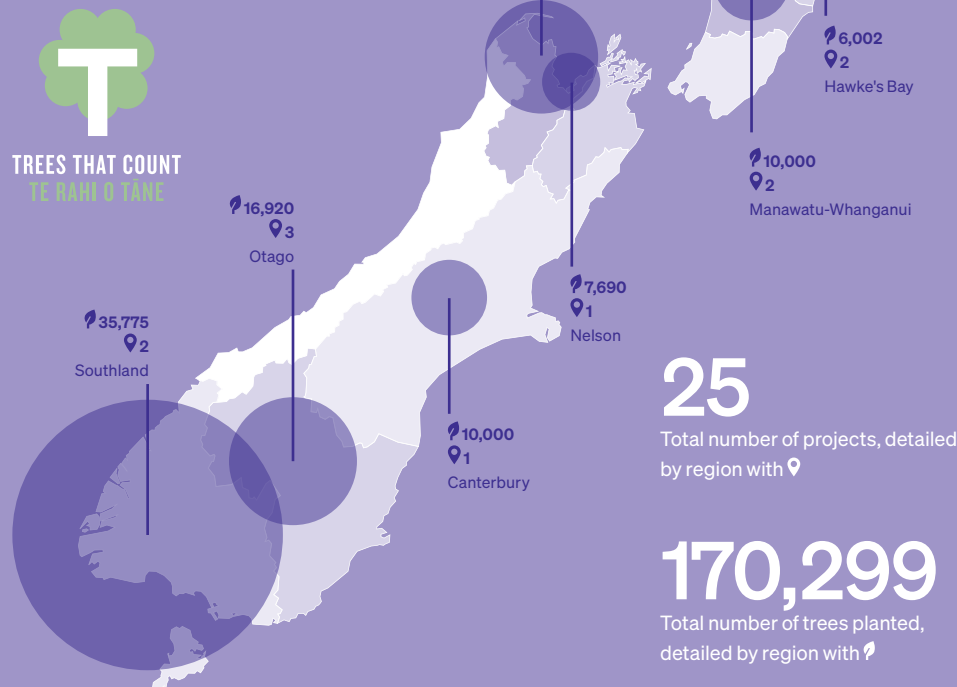
# Transition plan Supporting our customers

## Customer contributions

Air New Zealand operates a Voluntary Emissions Contribution Programme that calculates a passenger's share of their flight's carbon emissions and matches those emissions with carbon credits purchased from certified international projects.

The programme also provides funding to projects that support biodiversity outcomes in Aotearoa New Zealand.

In the year, retail customers booking through the Air New Zealand website contributed **\$1.2 million to Trees That Count** and purchased **70,810 carbon credits<sup>10</sup>**.



<sup>10</sup> 70,810 carbon credits have been pre-purchased by Air New Zealand on behalf of its customers. 29,574 of these credits have been retired by Climate Impact Partners on behalf of Air New Zealand. 41,236 of these credits need to be retired by Climate Impact Partners on behalf of Air New Zealand.



## RISK MANAGEMENT

**Climate-related risks are identified and assessed at various levels of the organisation, including at business unit, divisional and Group level. On a six-monthly basis, leaders across the organisation collectively review the top strategic risks to achieving business objectives.**

Climate change risks (both physical and transition) are considered as part of this review process and the risk dimensions are defined to describe the sources of the risk, the specific nature of the risks and the potential consequences.

Air New Zealand's Risk Universe is used as a reference tool to aid the risk identification process. The risk management process is designed to be applied dynamically across business areas, with risks identified and assessed via continuous monitoring.

Controls in place to manage the identified risks are captured and assessed for effectiveness to derive a residual risk rating using Air New Zealand's Group Risk Matrix. This matrix applies a traditional 5x5 risk model (i.e., likelihood x consequence = level of risk) using qualitative assessments to identify its significant risks, determine risk level and prioritise risk management. Risk ratings are used as a proxy for prioritising of identified risks.

Climate change risk (being a consolidated view of physical and transition risk), is currently rated 'Very High' - the highest rated risk on Air New Zealand's Group Risk Profile.

Key controls and mitigations for both physical and transition risks are identified and assessed for effectiveness. Risks are monitored against the Air New Zealand Board's Risk Appetite Statement which expresses the organisational risk appetite for key strategic risks including climate change risk and also sets target residual risk levels. This drives risk prioritisation, mitigation actions and business decision making to ensure that Air New Zealand operates within risk appetite.

More generally, significant risks identified through business unit risk reviews are captured in a Divisional Risk Profile for regular review by the

Executive member responsible for the portfolio. The Executive and the Board of Directors also periodically review and assess Air New Zealand's top strategic risks summarised into a Group Risk Profile which includes how those are tracking against the Board's Risk Appetite Statement. Periodic workshops are also held with the Board to gain insights and input, including into risk identification, assessment, and management. These areas are also discussed with the Sustainability Advisory Panel.

The Sustainability team supplements the above identification and assessment processes with specialist input for climate change-related risks, in relation to factors in the internal and external operating environment that inform the qualitative assessments of the likelihood and impact of climate related risks, emerging developments, and the outlook.

All material parts of the value chain, and all functions/organisational units across the organisation, are included within the scope of the Enterprise Risk Management framework. Leaders consider in detail their internal and external operating context when considering their key risks. They consider their key activities/processes, systems, people, and relationships with all stakeholders including business partners and suppliers. At a minimum, formal updates are required every six months.

# Risk Management



METRICS AND TARGETS

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

This includes metrics related to assessing the impact of gross carbon emissions and emissions intensity values. Key metrics are reported below.

The impact of 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.

# Metrics and targets Gross emissions

Greenhouse gas emissions inventory <sup>11,12</sup>					
	2019	2020	2021	2022	2023
<b>Scope 1 emissions (tonnes CO<sub>2</sub>-e)</b>					
Jet fuel emissions – domestic network	629,876	518,607	508,737	465,303	621,444
Jet fuel emissions – international network	3,286,502	2,649,922	817,078	1,040,786	2,210,836
Jet fuel emissions – ground sources	941	1,180	1,616	1,048	953
SAF emissions (CH <sub>4</sub> and N <sub>2</sub> O) <sup>13</sup>	-	-	-	-	108
Liquid propane gas emissions	1,579	1,437	1,227	1,413	1,295
Natural gas emissions	2,732	2,725	2,249	2,141	2,092
Diesel emissions	3,935	3,129	2,218	2,129	2,554
Petrol emissions	73	67	52	52	61
Wood pellet emissions (CH <sub>4</sub> and N <sub>2</sub> O)	13	18	14	14	15
<b>Total scope 1 emissions</b>	<b>3,925,650</b>	<b>3,176,634</b>	<b>1,333,192</b>	<b>1,512,886</b>	<b>2,839,358</b>
<b>Biogenic and biomass emissions (tonnes CO<sub>2</sub>)</b>					
SAF emissions (CO <sub>2</sub> )	-	-	-	-	3,082
Wood pellet emissions (CO <sub>2</sub> )	725	1,050	828	818	845
<b>Total biogenic emissions</b>	<b>725</b>	<b>1,050</b>	<b>828</b>	<b>818</b>	<b>3,927</b>
<b>Scope 2 emissions</b>					
Electricity – location based	3,098	2,832	2,720	2,736	3,357
<b>Total scope 2 emissions</b>	<b>3,098</b>	<b>2,832</b>	<b>2,720</b>	<b>2,736</b>	<b>3,357</b>
<b>Total scope 1 and 2 emissions</b>	<b>3,928,748</b>	<b>3,179,466</b>	<b>1,335,912</b>	<b>1,515,622</b>	<b>2,842,715</b>
<b>Scope 3 emissions</b>					
Category 1 – purchased goods and services	-	-	-	-	242,215
Category 2 – capital goods	-	-	-	-	104,303
Category 3 – fuel and energy-related activities	-	-	-	307,335 <sup>14</sup>	570,462
Category 5 – waste generated in operations	-	-	-	-	1,729
Category 6 – business travel	-	-	-	-	11,916
<b>Total measured scope 3 emissions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>307,335</b>	<b>930,625</b>
<b>Total measured emissions<sup>15</sup></b>	<b>3,928,748</b>	<b>3,179,466</b>	<b>1,335,912</b>	<b>1,822,957</b>	<b>3,773,340</b>
<b>Total well-to-wake emissions from jet fuel<sup>16</sup></b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,402,307</b>

<sup>11</sup> Refer to the Sustainability reporting and communications page on Air New Zealand's website for the full Greenhouse Gas Inventory Report (Report) including Deloitte's Assurance Report. Full definitions of emission scopes can be found within that Report; extracts from that Report are duplicated here within. Gases included in the carbon dioxide equivalent (CO<sub>2</sub>-e) factor are carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>) and nitrous oxide (N<sub>2</sub>O). <sup>12</sup> Deloitte Limited was engaged to provide reasonable assurance over the scope 1 and scope 2 components of the Report, and limited assurance over scope 3, categories 1, 2, 3, 5 and 6 components of the Report. <sup>13</sup> As SAF gets blended with other fuel in shared fuel infrastructure, it is not possible to trace the physical SAF molecules. As such, there is no assurance that the airline that contractually purchased the SAF used the physical product. Air New Zealand has used a mass balance approach to calculate emissions related to SAF. This relies on purchase records to demonstrate contractual ownership of the SAF. <sup>14</sup> In 2022, Deloitte Limited was only engaged to provide limited assurance over scope 3, category 3 emissions. No other scope 3 categories were considered. <sup>15</sup> Scope 1, 2 and 3 emissions. <sup>16</sup> Well-to-Wake (WTW) emissions cover the activities and accompanying emissions across the value chain of jet fuel in the aviation sector. WTW 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) encompassing emissions from the combustion of fuel (measured as scope 1 emissions).







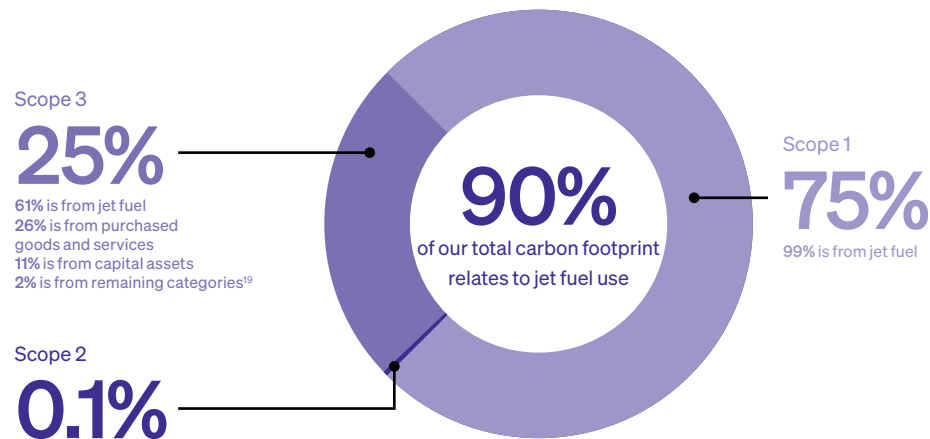
# Metric and targets

## Our 2023 emissions snapshot

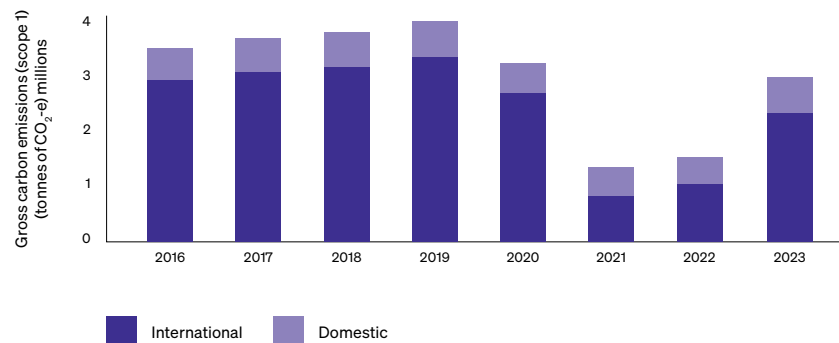
In 2023 the airline produced 3.8 million tonnes of CO<sub>2</sub>-e (scopes 1, 2 and 3). Total scope 1 and 2 emissions increased by 88 percent in 2023. Total well-to-wake emissions<sup>17</sup> from jet fuel also increased by 88 percent in 2023. These increases were due to the increased use of fossil jet fuel resulting from greater network capacity as the airline operated a network unconstrained by Covid-19 restrictions. These emissions levels remain lower than pre-Covid levels.

In 2022 the airline disclosed its scope 3, category 3 emissions for the first time. This year, relevant categories of scope 3 emissions, excluding employee commuting (category 7), have been disclosed for the first time and subject to a limited assurance engagement<sup>18</sup>. Further work to quantify employee commute emissions will be undertaken in 2024. Scope 3 emissions represent 25 percent of the airline's emissions and the largest source of scope 3 emissions are well-to-tank emissions associated with jet fuel.

In 2023, 22 percent of flight related emissions were generated on the domestic network.



### Carbon emissions from flying activity



<sup>17</sup> Well-to-Wake (WTW) emissions cover the activities and accompanying emissions across the value chain of jet fuel in the aviation sector. WTW 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) encompassing emissions from the combustion of fuel (measured as scope 1 emissions). <sup>18</sup> Scope 3 categories 1, 2, 3, 5 and 6 were subject to limited assurance. <sup>19</sup> Remaining categories are categories 5 and 6. Category 7 was excluded in 2023.



METRICS AND TARGETS



# Metrics and targets

## Carbon intensity

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)<sup>20</sup> and seat availability is measured in Available Seat Kilometre (ASK)<sup>21</sup>. 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.

Carbon intensity metrics	2020	2021	2022	2023
Grams of CO <sub>2</sub> -e per Available Seat Kilometre (ASK)	82	76	75	<b>79</b>
Grams of CO <sub>2</sub> -e per Revenue Tonne Kilometre (RTK)	789	1,039	971	<b>765</b>
Grams of well-to-wake <sup>22</sup> CO <sub>2</sub> -e per Revenue Tonne Kilometre	-	-	1,165	<b>918</b>

The airline's carbon intensity (measured in gCO<sub>2</sub>-e/RTK) decreased 21 percent compared to 2022. This improvement was largely due to the absence of border restrictions in Aotearoa New Zealand compared to the prior period leading to higher load factors on the network. However, this metric still remains slightly elevated when compared to 2019 levels by 0.3 percent.

Carbon intensity (measured in gCO<sub>2</sub>-e/ASK) increased 5 percent compared to 2022. This increase is a result of the reintroduction of the less efficient Boeing 777-300ER fleet in the period. However, in the period since 2019, gCO<sub>2</sub>-e/ASK has decreased by 7 percent largely driven by the retirement of the Boeing 777-200ER fleet.

<sup>20</sup> 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. CO<sub>2</sub>-e emissions are from the airline's use of aviation fuel over the same time period. <sup>21</sup> 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.

<sup>22</sup> Well-to-Wake (WTW) emissions cover the activities and accompanying emissions across the value chain of jet fuel in the aviation sector. WTW 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) encompassing emissions from the combustion of fuel (measured as scope 1 emissions).



METRICS AND TARGETS

## In 2020 Air New Zealand announced its ambition to reach net zero carbon emissions by 2050, ahead of the International Air Transport Association’s (IATA) industry commitment.

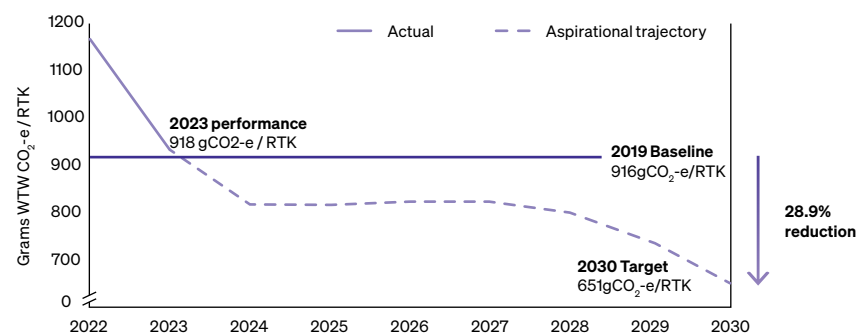
In 2023, an ambitious science-based carbon reduction target was set to guide progress in the period to 2030.

	2030	2050	Air New Zealand has signed the World Economic Forum's 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 <sup>25</sup> .
<b>Target</b>	Reduce carbon intensity by 28.9 percent by 2030, compared to a 2019 baseline.	Achieve net zero carbon emissions by 2050.	
<b>External endorsement</b>	Developed with reference to the Science Based Target initiative's aviation methodology. Validated by the Science Based Target initiative.	Developed with reference to the IATA resolution to achieve net zero carbon emissions by 2050.	
<b>Warming pathway</b>	The target is aligned to a 'well below 2°C' pathway and requires an absolute reduction in carbon emissions, with no provision for carbon credits.	IATA states the net zero pledge is in line with the objectives of the Paris agreement to limit global warming to scenarios below 2.0°C <sup>23</sup> .	
<b>Target boundary</b>	<p>Reduce well-to-wake emissions related to jet fuel by 28.9 percent per RTK from 916gCO<sub>2</sub>-e/RTK in 2019 to 651gCO<sub>2</sub>-e/RTK in 2030.</p> <p>The target covers well-to-wake emissions associated with jet fuel. This covers the entire life cycle of the jet fuel.</p> <p>RTK is a measure of passenger and cargo payload carried by Air New Zealand.</p> <p>Non-CO<sub>2</sub>-e effects which may also contribute to aviation induced warming are not included in this target. The airline commits to report publicly on its collaboration with stakeholders to improve understanding of opportunities to mitigate the non-CO<sub>2</sub>-e impacts of aviation over its target timeframe.</p> <p>The target boundary includes biogenic emissions and removals from bioenergy feedstocks.</p>	<p>The net zero commitment covers international and domestic flights, passenger and cargo flights, and revenue and non-revenue flights.</p> <p>The emissions and reductions in scope are<sup>24</sup>:</p> <ul style="list-style-type: none"> <li>• CO<sub>2</sub> emissions only (not CO<sub>2</sub>-e)</li> <li>• Tank-to-wake emissions for conventional jet fuel</li> <li>• Well-to-wake emissions for SAF</li> <li>• Well-to-wake for hydrogen and electric propulsion</li> </ul> <p>Non-CO<sub>2</sub> impacts are excluded from the target.</p>	

Air New Zealand has analysed the levers available to achieve its aspirational 2030 target. This analysis suggests the target is possible to achieve based on forecast projections of technology development in the period. However, progressing these technologies, particularly SAF, will require collaboration across the aviation industry and from policy makers to progress. Air New Zealand is focused on playing its part in progressing the development, scaling and accelerating of these technologies.

The airline has agreed the annual waypoints it will aspire to achieve annually in its journey towards its 2030 target.

Agreed aspirational annual waypoints to 2030 target



	2023 performance	2024 waypoint	2025 waypoint	2026 waypoint	2027 waypoint	2028 waypoint	2029 waypoint	2030 waypoint
Agreed aspirational annual waypoints to 2030 target (grams WTW CO <sub>2</sub> -e/RTK)	918	817	817	824	823	800	740	651

# Metrics and targets Targets





# 02

## Caring for New Zealanders

# Te manaaki i ngā tāngata o Aotearoa

Showing manaaki<sup>1</sup> and care for New Zealanders is more than just providing safe transit from one location to another. It is the essence of who we are as an organisation. It is about how we support, nurture and protect our people, customers and communities.

As we have continued to rebuild the airline and connect New Zealanders to each other and the world, we have strived even more to bring manaaki to life every day and to provide the right support where and when it is needed most. From how we welcome people to our whānau and create a truly inclusive workplace, to how we build a culture of sustainability from the inside out. From our efforts to support local communities by supporting Kiwi businesses and grow our supplier diversity. It is all about living our promise of manaaki.



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

**2023 PROGRESS:**  
Air New Zealand's Engagement Index score as at June 2023 was 71<sup>2</sup> (compared with the Global Top 25%<sup>3</sup> benchmark of 79), up from 68 in May 2022.



Grow access to and use of employee assistance support tools (including Employee Assistance Programme, Peer Support Network and Bullying and Harassment contacts).

**2023 PROGRESS:**  
The utilisation rate of support tools was 14.7% in 2023<sup>4</sup>, down from 21.3% in 2022.



Double our spend with Māori and Pasifika-owned businesses and social enterprises to \$24 million, and double our diverse sourcing relationships to at least 50 suppliers by the end of 2024.

**2023 PROGRESS:**  
Baseline established of Air New Zealand spend with Māori and Pasifika-owned businesses and social enterprises.

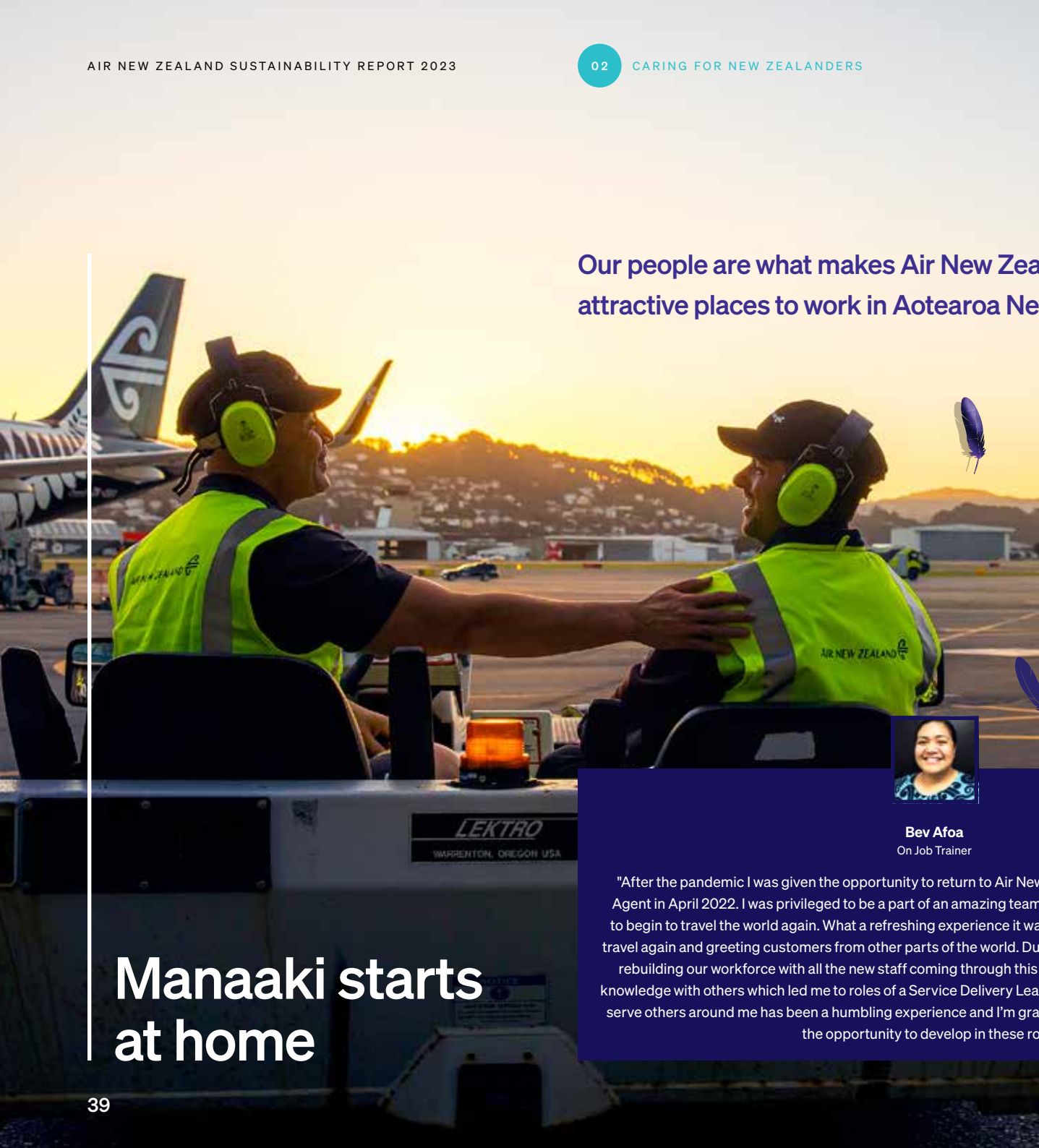


Better connecting Aotearoa New Zealand exporters to the world by increasing cargo load factors on our widebody international network to 85% by 2025 (from 67% in 2019).

**2023 PROGRESS:**  
67% load factor for 2023 on our widebody international network.

<sup>1</sup> Derived from the word mana meaning authority or prestige, and aki meaning to encourage or uplift. To support, give hospitality to, protect, look out for, show respect and generosity. Includes an implied reciprocity. <sup>2</sup> 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. <sup>3</sup> As at 30 June 2023, the Glint Global Top 25 percent engagement threshold was an Engagement Index score of 79. <sup>4</sup> 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.

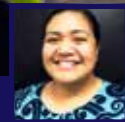




## Our people are what makes Air New Zealand one of the most attractive places to work in Aotearoa New Zealand.

Making sure our culture is strong and our team embodies our values every day underpins our ability to offer an outstanding customer experience. Our culture of manaaki and care have also been critical elements as we've regrown the business.

A key component of embedding this culture has been the airline's move to a new agile way of working in 2023 to help us reach our Full Potential. Aligned to our values, this move has empowered our people, increased collaboration, broken down silos, and driven curiosity and innovation as the airline has built back.



**Bev Afoa**  
On Job Trainer

"After the pandemic I was given the opportunity to return to Air New Zealand as a Customer Services Agent in April 2022. I was privileged to be a part of an amazing team who paved the way for customers to begin to travel the world again. What a refreshing experience it was to witness customers learning to travel again and greeting customers from other parts of the world. During the process of Air New Zealand rebuilding our workforce with all the new staff coming through this reignited my passion to share my knowledge with others which led me to roles of a Service Delivery Leader and On Job Trainer. To be able to serve others around me has been a humbling experience and I'm grateful Air New Zealand has given me the opportunity to develop in these roles."

# Manaaki starts at home

### Our values

## Welcome as a friend

I am you, you are me  
Ko au ko koe, ko koe ko au

## Be Yourself

Be proud of who you are and where you have come from  
He toa takitini

## CANDO.

Strive for what matters most and don't let obstacles get in your way  
Whāia te iti kahurangi

## Share your AOTEAROA

Aotearoa is a vibrant land  
Ko Aotearoa e ngunguru nei



# Building back

## The start of the year saw Air New Zealand begin our post-Covid rebuild – a mammoth task which involved the biggest recruitment drive in Air New Zealand’s history.

We were thrilled to be able to offer roles to many of those who unfortunately had to leave the airline during Covid-19. Welcoming their extensive expertise and passion back has supported the airline during some operationally challenging times.

To support the speed of growth required we launched a ‘Join our whānau’ campaign to highlight some of the roles across the business and give a flavour of who we are and what it is like to be an Air New Zealander. A number of areas of the business also participated in the **Auckland Airport Job Fair** as a way to engage with eager jobseekers and attract new people to our business. We also increased our start rate at Airports to \$30 per hour as part of our focus on creating good, sustainable jobs at Air New Zealand.

With this level of recruitment comes a renewed focus on culture and engagement, ensuring we maintain the core of what makes working at Air New Zealand so special. At its heart, our people.

**What is the most important thing in the world?  
He aha te mea nui o te ao?**

**It is the people, it is the people, it is the people.  
He tāngata, he tāngata, he tāngata.**

Our engagement scores have been tracking upwards throughout the year, with a score of 71 for our June 2023 Employee Survey. Over the past two years a key focus has been on improving our employees’ experience based on their feedback. This includes significant improvements to our induction and onboarding experience, enhancements to our Staff Travel and Parental Leave benefits, more focus on continuous learning and development, and providing support to our most vulnerable employees through one-off grants and access to literacy programmes. Continuing

to invest in our people supports our culture, having a positive knock-on effect on engagement.

With the high levels of people joining the airline, a key aim has been on improving the way we welcome people into our whānau. Our Kia ora you induction days are highly rated by employees as one of the best ways to learn more about Air New Zealand and connect with other new people from across the business. We brought these back in 2023, giving new Air New Zealanders the chance to hear from our Leadership Team, learn more about our Sustainability and Diversity, Equity & Inclusion commitments and about other areas of the airline. The Kia ora you days also provide an opportunity to raise awareness about employee benefits and the support tools our people have access to.



**Julia Brown**  
Cabin Crew

"It has been a privilege to reconnect with so many familiar faces in the Air New Zealand whānau since returning post-pandemic redundancy both in the sky and at the training centre. It has also been an exciting time of growth with many new faces joining our crew community as well. Cabin crew share a passion for people and love of our role which allows us to deliver world-class care and manaaki, to our customers and to each other, fostering excellent community. Our one-of-a-kind crew culture is both what drew many of us back to flying post-redundancy and also part of what makes us exceptional at caring for our customers."



**40.7%**  
women in senior leadership

**16.0%**  
Māori and Pasifika  
leadership representation

This year we spent time reviewing and refreshing our Diversity, Equity & Inclusion strategy. We have strengthened our commitment in this space and set new ambitions to help us achieve our vision of creating an open, inclusive environment for our people, customers and communities to thrive.

**Diversity, Equity & Inclusion ambitions:**

An environment free from discrimination.

Leaders who are reflective of Aotearoa.

Fair and equitable experiences for everyone.

We have long been committed to having a diverse leadership group and we are proud to keep ensuring our organisation is truly representative of Aotearoa New Zealand. Going forward, we will continue to focus our efforts to grow our women, Māori and Pasifika leadership pipelines as well as identifying opportunities to grow representation in other areas to ensure we are representing the diversity of Aotearoa New Zealand. We want to be more mindful of intersectionality in this space, acknowledging each person can identify in more than one way. We currently have 40.7 percent of women in senior leadership roles, a drop of 4.8 percent from last year as we've seen some of our talented women move into executive roles at other Aotearoa New Zealand organisations, and 16 percent Māori and Pasifika leadership representation<sup>5</sup>, 1.2 percent up from last year.

incredible support and advocacy for our people. Some highlights include our popular social enterprises Christmas Market that showcased businesses run by or supporting those with disabilities, our all female crews for our first regional flights out on International Women's Day, the launch of the New Zealand Sign Language pin in conjunction with Deaf Aotearoa, and the imminent introduction of the Project Employ coffee cart about to launch in our

central Auckland office aimed at supporting those with disabilities into employment. With the support of our Employee Networks we have also renewed our Accessibility, Rainbow and Gender Ticks, this year achieving the Advanced Gender Tick.



New Zealand Sign Language Pin

# Enhancing our commitment to Diversity, Equity & Inclusion



Enable Network Christmas Market

Will & Able — Our Harvest — The Cookie Project

As always, our Employee Networks have continued to provide





# Lifting up and supporting our people

## We remain dedicated to creating sustainable jobs and growth opportunities for all our whānau.

Over the past 12 months we have been raising the pay levels for entry-level roles and offered considerable pay increases, acknowledging the tough inflationary environment. As an example, we have lifted wages for Air New Zealanders at our main airports, increasing the entry wage to \$30 per hour which has helped attract outstanding people to join our Auckland, Wellington and Christchurch Airport teams.

Supporting our people when they need us the most, particularly during times of hardship, illness or misfortune has been a continuing focus for the airline in 2023. This includes providing hardship grants to support our employees who faced hardship as a result of the cyclone and flood events this year, similar to what we did through Covid-19 with our Āwhina Trust. We are establishing an ongoing Hardship Trust for our employees and expect to be able to allocate grants from the Fund in 2024.

A key focus throughout 2023 was the continuing growth and broadening of our key employee wellbeing tools, resources and support networks that employees

can reach out to, including Bullying and Harassment contacts, Peer Support Network volunteers, and Health & Safety Representatives (HSRs). In addition, the Employee Assistance Programme and Wellbeing Check-Ins have continued to operate, including for our offshore employees. This has been particularly important as we have reopened overseas ports and routes over 2023. We now have 116 Bullying and Harassment contacts, 109 Peer Support volunteers, and 255 HSRs across the organisation, covering a diverse range of work groups, locations and demographics. The growth of these networks has been important to support our significant increase in employees over 2023. Overall utilisation of the support services dropped to 14.7 percent in 2023 compared to 21.3 percent in 2022. This was largely expected due to this increase in employee population and a steady de-escalation of our acute response to Covid-19.

We are also consolidating all the support we offer our people – including access to wellbeing, mental health and financial support

along with our Employee Networks, Peer Support Networks and Employee Assistance Programme – into a central Manaaki Hub to make it easier for people to access what they need, when they need it. In the next year we will continue to build these support systems to address any gaps we have and continue highlighting the support services we have available.

A lot of work has also been done to rebuild and upskill our network of Special Assistance Team (SAT) volunteers in 2023, with training held across the organisation for this important group of volunteers who are prepared and ready to deploy as required to provide humanitarian assistance to those groups affected by a significant incident.



**116**  
Bullying and Harassment contacts

**109**  
Peer Support volunteers

**255**  
Health & Safety Representatives





## We are committed to supporting and continually developing our current and future leaders.

We have continued to roll out our Frontline Leadership programmes in Cargo, Airports and Engineering & Maintenance, as well as launching an Emerging Leaders programme to build our talent pipeline in Cabin Crew. We piloted a successful programme this year which will be rolled out to all senior leaders, focused on developing personal capacity to lead in an increasingly complex and diverse world. A Senior Women's Network has been established to provide a forum for our women to support each other and learn together, and collectively raise and solve common challenges.

Our Mangōpare Programme for aspiring Māori and Pasifika leaders has evolved over 2023 with the focus moving to completing the programme projects. Two wānanga<sup>6</sup> were held bringing graduates of the 4 cohorts together to whakawhanaungatanga (reconnect), plan the completion of their projects, and wānanga<sup>7</sup> how the airline can grow Māori and Pacific Islands talent for leadership roles.

We have also reinstated our Project Mana programme, which we run in partnership with Aspire2. The programme focuses on helping our employees to build stronger language, financial and digital literacy

### Supporting Te Matatini

Air New Zealand and Te Matatini Society Inc. have been working together since 2018 to develop and showcase the Te Matatini festival as Aotearoa New Zealand's premium cultural event and promote Aotearoa New Zealand to the world. To celebrate Te Matatini 2023 and the revitalisation of te reo Māori, Air New Zealand in partnership with Te Matatini Society Inc., operated a charter flight to bring passengers from Te Whanganui-a-Tara (Wellington) to Tāmaki Makaurau (Auckland). Except for Civil Aviation Authority prescribed announcements, the only language spoken by the pilots and cabin crew was te reo Māori.



# Driving learning and development opportunities



## Many Air New Zealanders and their whānau and communities were significantly impacted by Cyclone Gabrielle and the Auckland flooding events.

The Special Assistance Team was deployed to Napier following Cyclone Gabrielle, providing humanitarian support and basic needs essentials such as food, baby products, hygiene and sanitary items, torches and lamps, and generators. To assist in their recovery, Financial Hardship payments totaling more than \$450,000 were also made available to our employees who experienced hardship due to being directly impacted by these events. Along with support for our own people, Air New Zealand was proud to provide assistance to the wider community, including:

- The introduction of a temporary air service between Hawke's Bay and Gisborne, intended to connect the regions while the road was inaccessible, operated since 26 February and was further extended in March. By the time that it concluded on 10 June, we had carried more than 5,700 passengers including a significant number of emergency workers and then contractors
- The transportation of several tonnes of food and care parcels into the Hawke's Bay and Tairāwhiti Gisborne region for use and distribution by charity organisations, along with transport allocation to essential workers and emergency personnel such as Urban Search and Rescue and New Zealand Police
- Personal protective equipment (goggles, gloves and masks) was donated to local police, the Napier foodbank and Civil Defence staging posts
- Special capped fares and flexibility were introduced from 18 February to ensure travel to and from cyclone-impacted areas was made easier as local communities began their recovery

To support those affected by the Auckland floods, Air New Zealand donated \$100,000 for flood relief support in the most impacted areas in the region. This went to a range of community organisations including the Mangere Evacuation Centre, the Sunday Blessings and Community Group, Auckland Council Emergency Relief, and Auckland City Mission.

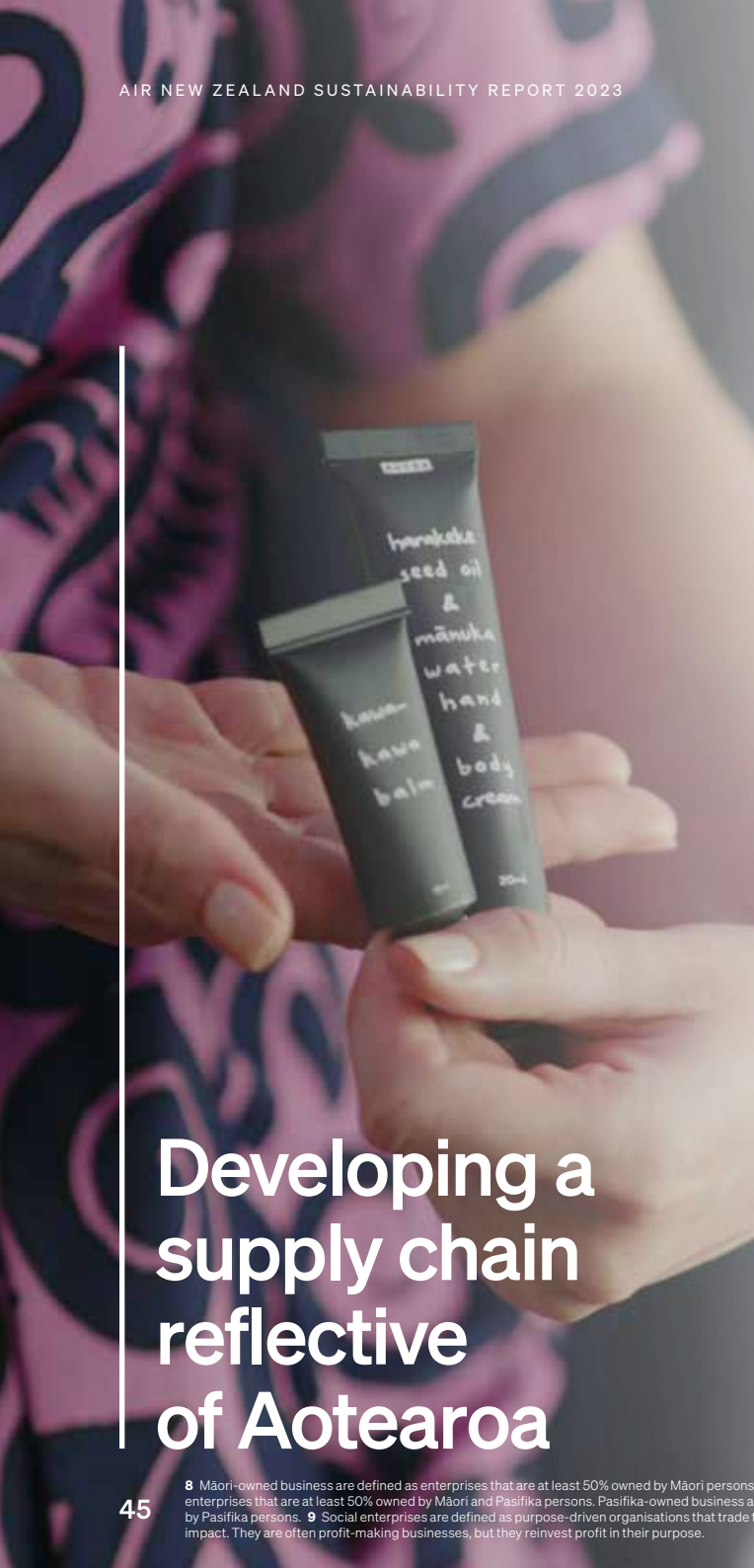


**Donna Gerbes** — **Brittany O'Hanlon**  
Senior People Safety Specialist — People Safety Specialist

"It's a privilege to be part of the Air New Zealand Special Assistance team and support our colleagues in their time of need. Being deployed to Napier following Cyclone Gabrielle was an incredible opportunity to provide care, basic needs and support to our Air New Zealand whānau who were affected, and the wider community."

# Responding to crisis





# Developing a supply chain reflective of Aotearoa

Air New Zealand is continuing to build a supplier diversity programme that fosters the development of a supply chain that is representative of both the communities we operate in and our diverse customer base.

Over 2023, the airline established a baseline of Air New Zealand spend with Māori and Pasifika-owned<sup>8</sup> and social enterprise<sup>9</sup> businesses:

**\$12m**  
was spent with diverse suppliers

**\$2m**  
was spent with Māori suppliers

**\$6.7m**  
was spent with dual Māori and Pasifika-owned businesses

**\$0.2m**  
was spent with Pasifika-owned businesses

**\$3.1m**  
was spent with social enterprises

**26**  
diverse suppliers in 2023

To enhance our supplier diversity, the airline aims to double its spend with Māori and Pasifika-owned businesses and social enterprises to \$24 million, and double our diverse sourcing relationships to at least 50 suppliers by the end of 2024.

The efforts of the airline in 2023 to continue to strengthen and build partnerships that will increase our supplier diversity, include:

- Strengthening our partnership with Whāriki as an Air New Zealand collaboration partner
- Working with Māori & Pasifika supplier intermediary, Amotai as an Aumatua member
- Partnering with Aotea to provide skincare products inspired by mātauranga Māori (Māori knowledge) in our onboard amenity kits
- Partnering with Māori and Pasifika creative agency, The Hood & Co, to capture and tell the story of Te Matatini
- Continuing to use Will & Able's eco-friendly cleaning products, created by New Zealanders with disabilities, throughout our offices

Despite these steps, we acknowledge that there is still much to achieve with our supplier diversity programme. With a greater awareness of our diverse supplier base through our intermediary partnerships as well as identification through our Ivalue supplier portal, a robust network of partners, and a specific 2024 target now set, Air New Zealand is well placed to make real inroads in this area.



**Tama Toki**  
Aotea Founder

"Our company, Aotea, is the supplier of a Harakeke Seed Oil Hand + Body Cream and Kawakawa Balm for the Premium amenity kits. Our range is inspired by our native flora and underscored by traditional use. At our farm on Aotea we extract and formulate our products. We are proud to power our facility with solar and to continue to design waste out of our operations. This opportunity to supply Air New Zealand has been significant for a variety of reasons; chiefly, sharing our products and story with the world, and partnering with such an esteemed business and respected brand that is Air New Zealand."

<sup>8</sup> Māori-owned business are defined as enterprises that are at least 50% owned by Māori persons. Māori and Pasifika-owned business are defined as enterprises that are at least 50% owned by Māori and Pasifika persons. Pasifika-owned business are defined as enterprises that are at least 50% owned by Pasifika persons. <sup>9</sup> Social enterprises are defined as purpose-driven organisations that trade to deliver positive social, cultural and environmental impact. They are often profit-making businesses, but they reinvest profit in their purpose.



The connections that Air New Zealand enable are not just limited to our passengers. Air New Zealand's extensive international and domestic Cargo network has continued to support the country's export and import industries in 2023.

Our Cargo operations also have an important role to play in our decarbonisation journey. By filling underutilised belly capacity on our aircraft, we can reduce the carbon intensity of our Cargo operations. To this end, we have a target in place to increase cargo load factors to 85 percent by 2025. In 2023, Cargo load factors were 67 percent, down from 82 percent in 2022. As we relaunched the passenger international network we flew circa 50 percent more international widebody flights in 2023 compared to 2022. Many of these were to high passenger demand/low cargo demand destinations that we did not operate during the pandemic.



# Delivering Aotearoa to the world and the world to us



**114,000**

tonnes of cargo carried around the globe



including close to **37,000**

tonnes of Aotearoa New Zealand exports



and a further **9,000**

tonnes flown on the domestic network





# 03

## Driving towards a circular economy

## Te whai i te ōhanga whai hua

Air New Zealand’s drive towards a circular economy has been a challenge in 2023, with both internal and external issues impacting our ability to increase diversion of waste from landfill.

Despite these challenges, in 2023 we did gain greater insights into our waste profile at Air New Zealand and made substantial in-roads into reducing single-use plastics on international flights. We have a number of initiatives we’re working on to further our circular ambitions in 2024.

In 2023, 40.4 percent of the airline’s waste from domestic ground sites and airports serviced by our main waste provider was diverted from landfill – meaning our waste diversion target of 65

percent by 2023 has not been met.

As the airline geared back up, opportunities to drive substantial change in waste diversion have been restricted due to operational challenges Air New Zealand has faced. For example, with the necessary focus on essential training for new starters, there has been limited opportunities to further embed a waste minimisation culture at the airline. In addition, limited access to recycling and composting infrastructure in Aotearoa New

Zealand and the commercial viability of circular innovations still being tested have continued to hamper our objectives under this priority.

Acknowledging greater work needs to be undertaken to deliver on our ambitions under this priority, we are committed to re-evaluating our strategy and relaunching a new plan in 2024.



Removal of 50% of 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.

**2023 PROGRESS:**

A 52.6 percent reduction in single-use fossil-fuel-derived plastic items across all cabins (56.4 percent reduction across Economy cabin), with over 38 million single-use plastic items removed in 2023.



65% of total solid waste diverted from landfill by 2023<sup>1</sup>.

**2023 PROGRESS:**

40.4% of total solid waste diverted from landfill in 2023.





**In 2023, Air New Zealand recycled 603.4 tonnes of waste and sent 889 tonnes of waste to landfill from the airline's domestic ground sites and airports serviced by our main waste provider.<sup>2</sup>**

Waste audits were conducted at key Auckland and Christchurch sites by our main waste provider in October and November 2022 to gain a clearer picture of the airline's waste profile across our Engineering & Maintenance, Cargo, Domestic Inflight, and support office waste streams. The audits indicated that 50.6 percent of the general waste to landfill audited could potentially be recovered by source separating and utilising currently available recovery services correctly. This reinforced the necessity of developing a circular culture within the airline to accelerate efforts for waste diversion. The audit results also identified opportunities to further expand access to recycling infrastructure and innovations on the horizon that could further assist with delivering on this key priority of our Sustainability Framework.

The findings of the waste audits will be a key component of our work to scope new waste targets

and develop our new waste strategy in 2024. Our ambition is to deliver these new targets in 2024.

In addition, the waste audits played a key role in the scoping phase of a targeted project focused on further embedding a waste minimisation culture in our Engineering & Maintenance and Cargo operations. With these insights and allocated resource, the project can proceed to the implementation phase in 2024 to drive waste diversion at these high-waste output sites. The project will act as a valuable test case to identify successful behaviour change initiatives that can then be rolled out more widely across the airline.

**A clearer picture of our waste profile**



**50.6%**  
of the general waste to landfill audited could potentially be recovered



In October 2022, Air New Zealand launched a more sustainable serviceware offering on its international flights. New features include a range of bagasse<sup>3</sup> items in our Economy cabin and lightweight ceramics in our Premium cabins.



# More sustainable serviceware flying high

## What has the new serviceware achieved?



The airline will continue to scope opportunities to transition single-use plastic components of our serviceware to more sustainable materials as these alternatives are proven commercially viable and able to meet our challenging operational requirements.





In May 2023, Air New Zealand announced it was updating its iconic uniform.

Sewing a more sustainable future

Much like the approach taken when developing our new inflight serviceware, a circular mindset has been embedded right from the outset of the uniform project. Not only does the project provide an opportunity to divert waste from landfill, but it's also a chance to consider more sustainable options across the next uniform's entire life cycle, from the resources that go into the fabrics, to the manufacture of the uniforms, through to their use and end-of-life. Ensuring the new uniform is durable and functional are also key objectives of the project. A uniform that is well-loved and cared for by our uniformed Air New Zealanders reduces the number of new uniforms needing to be manufactured.

While there are a growing number of sustainability innovations in the textile space, many innovations are still in the development phase, with their commercial viability still to be tested. With this in mind, we recognise the uniform project will be a continuing journey that seeks to iterate and enhance the sustainability outcomes of the uniform over time as new innovations are proven viable. We are committed to finding more sustainable future fabric options for our uniform.

As we look towards our new uniform, we're also scoping opportunities to ensure as much of our current uniform can be donated or recycled when it comes to transitioning to the new uniform in 2025. Despite opportunities being trialled in the past to recycle our retired uniforms, these proved commercially unviable. This has resulted in our uniforms that are unable to be donated due to quality and security restrictions, having to be disposed of in landfill. This unfortunately is symptomatic of the limited access we have to commercially viable textile recycling infrastructure

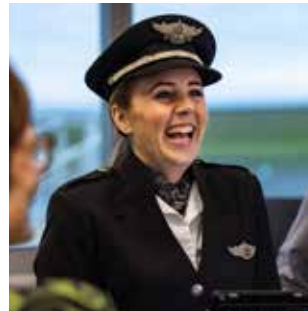
globally, and recycling infrastructure more generally. However, in the last year, textile recycling opportunities in Australasia have shown promising innovations. Scoping these innovations to test their commercial viability will be a key component of the uniform project and enable us to find the best solution before the transition in 2025. This work will also place our new uniforms in a better position to be donated and recycled in the future.



Jared McGregor

Divisional Manager – Major Accounts at Deane Apparel New Zealand

"As the supplier and manufacturer of Air New Zealand's uniform, Deane Apparel is excited and proud to be involved in the new uniform project. During this project, Air New Zealand have continually challenged the status quo and have always looked for ways to improve, which is invigorating and has driven us to be innovative and think outside the box. One of the biggest challenges, due to the limited access to facilities in New Zealand and our country's geographic location, has been scoping a viable end-of-life solution. We are making good progress in this space and look forward to working with Air New Zealand to find a great outcome."







## While planning towards the future of our circular agenda, we're also firm in our commitment to continue with initiatives that have delivered ongoing circular outcomes for the airline.

One such initiative is Project Green – a programme that reinjects sealed and untouched inflight items deemed a “non-biosecurity risk” back onto our flights and enables glass to be recycled, rather than end up in landfill.

This year, Project Green diverted approximately 70 tonnes from landfill, made up of 3.4 million units of products like cutlery packs and sugar sachets, and recycled 215 tonnes of glass. More than 1,500 tonnes of reinjected product and recycled glass have now been diverted from landfill since the Project's inception.

Using our internal engagement platform, Workplace, to run campaigns, like Plastic Free July and Recycling Week, has also continued to raise awareness about ways Air New Zealanders can embed effective circular practices both in their work at the airline and in their personal lives.

These initiatives and stakeholder relationships will lay a solid foundation for us to develop our new waste strategy in the coming

months and develop an integrated system to deliver on our ambitions in 2024 and beyond.



approximately

# 70 tonnes

diverted from landfill by Project Green in 2023



made up of

# 3.4 million

units of products like cutlery packs and sugar sachets



more than

# 1,500 tonnes

of reinjected product and recycled glass diverted since the Project's inception



## Tried and true





# 04

## Sustainable tourism

# He Tāpoi Mau Roa

Air New Zealand was delighted to welcome more international visitors back to Aotearoa New Zealand in 2023. Our customers were incredibly keen to connect with friends and whānau again, and we were very proud to play our part.

Alongside the restarting of a number of international routes over the last year, a key focus has been supporting Aotearoa New Zealand tourism's recovery.

Restarting tourism is important for the economic viability of our country's tourism industry and the many communities throughout Aotearoa New Zealand that rely on it.

The tourism industry and visitors who underpin it are becoming increasingly aware of the

contribution the industry plays to the accelerating climate and biodiversity crises. The aviation sector that Aotearoa New Zealand tourism heavily relies upon, is a substantial component of this contribution.

Air New Zealand, alongside many tourism operators, is working towards a more sustainable future for Aotearoa New Zealand tourism.

For the airline, the single biggest contribution we can make to this future, is to decarbonise our

operations. Air New Zealand's ambition and work towards achieving its 2030 science-based target and 2050 net zero carbon emissions goals are key to this. The airline can also contribute to this mahi (work) by doing more to support Aotearoa New Zealand's precious biodiversity and the communities in need.



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

**2023 PROGRESS:**

In 2023, there was an 85% annual increase in bookings for Qualmark awarded operators on Air New Zealand's website from a 2021 baseline. While falling slightly short of our ambitious target, this demonstrates very strong performance given the ongoing challenges faced by tourism businesses.



**60% of New Zealanders aware of Tiaki Promise by calendar year 2023<sup>1</sup>.**

**2023 PROGRESS:**

23% of New Zealanders aware of the Tiaki Promise as at June 2023.





### Air New Zealand remains committed to the Tiaki Promise, sharing New Zealander’s connection to the land with our visitors and helping them travel safely and conscientiously.

The ‘**Tiaki and the Guardians**’ safety video, inspired by the Tiaki Promise, has screened continuously since May 2022, providing an influential platform to spread the message of caring for our people, our place, and our culture now and for future generations. Since its release, the video has received more than 43 million impressions globally on digital platforms.

In addition, Air New Zealand has supported the increased impact of the Tiaki Promise through regular information in Kia Ora magazine and in communications to our Airpoints™ members.

To further embed the messaging of the Tiaki Promise and help ensure visitors stay safe while travelling Aotearoa New Zealand, the airline also screens the New Zealand Search and Rescue Council’s video that details top tips on how to keep safe when in the outdoors.



**Rebecca Ingram**  
Chief Executive at Tourism Industry Aotearoa

"Tiaki Care for New Zealand is a kaupapa of significance. It is an excellent example of the tourism industry working in partnership to protect what we care about, and enable visitors to make safe, responsible choices. Created so all industry can use it, we see potential for Tiaki to have even greater impact."



# The Tiaki Promise

Care for our environment, care for our people, care for our home.

Toitu te taiao, toitu te tangata, toitu Aotearoa.

Tiaki inspires respectful, responsible, and sustainable travel behaviour in international and domestic manuhiri (visitors), ensuring Aotearoa New Zealand is experienced in a way that protects it for future generations.



PROTECT NATURE



KEEP NZ CLEAN



DRIVE CAREFULLY



BE PREPARED



SHOW RESPECT





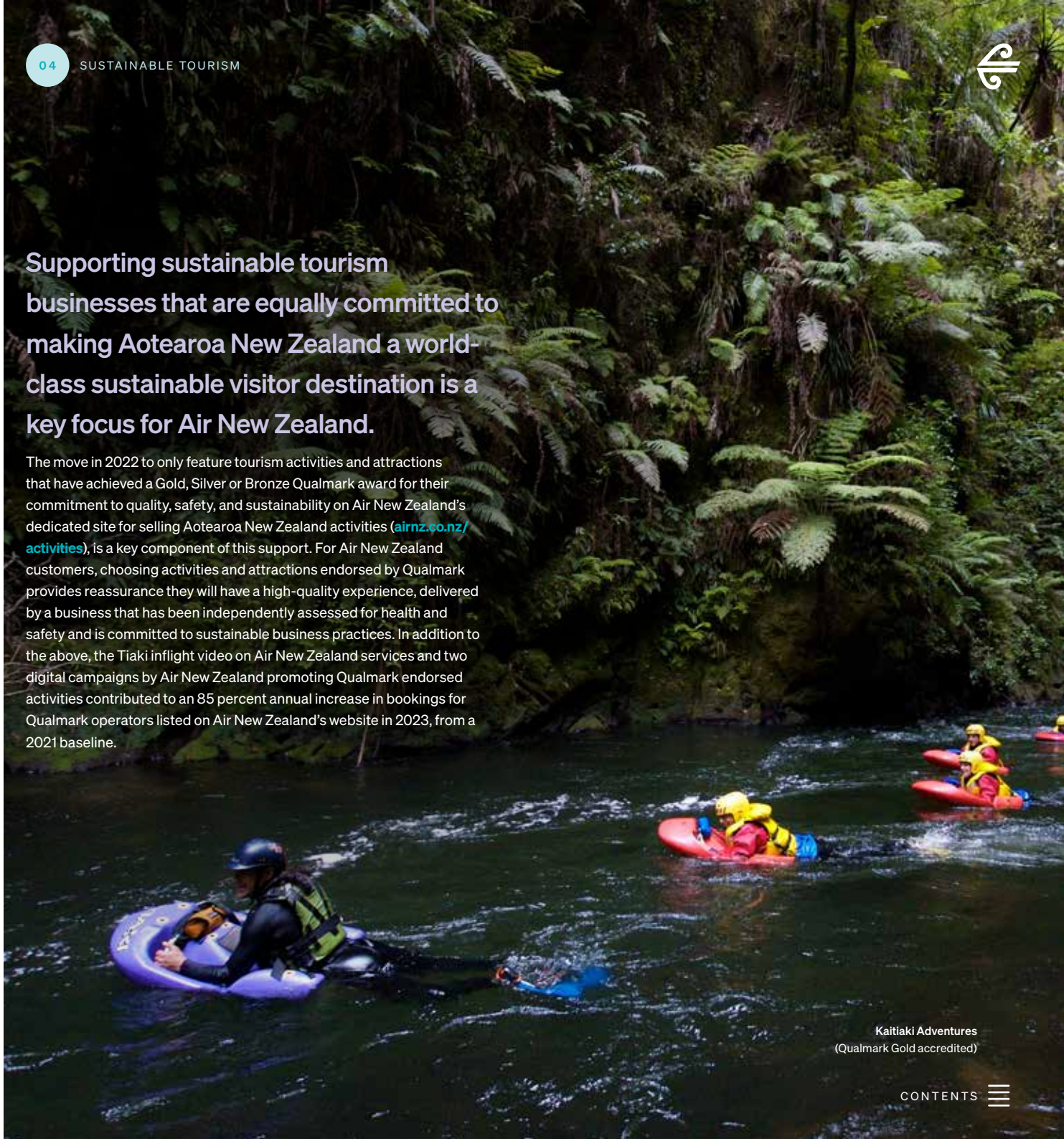
85%

increase in bookings for Qualmark operators listed on Air New Zealand's website in 2023, from a 2021 baseline.

# Supporting sustainable tourism

## Supporting sustainable tourism businesses that are equally committed to making Aotearoa New Zealand a world-class sustainable visitor destination is a key focus for Air New Zealand.

The move in 2022 to only feature tourism activities and attractions that have achieved a Gold, Silver or Bronze Qualmark award for their commitment to quality, safety, and sustainability on Air New Zealand's dedicated site for selling Aotearoa New Zealand activities ([airnz.co.nz/activities](https://airnz.co.nz/activities)), is a key component of this support. For Air New Zealand customers, choosing activities and attractions endorsed by Qualmark provides reassurance they will have a high-quality experience, delivered by a business that has been independently assessed for health and safety and is committed to sustainable business practices. In addition to the above, the Tiaki inflight video on Air New Zealand services and two digital campaigns by Air New Zealand promoting Qualmark endorsed activities contributed to an 85 percent annual increase in bookings for Qualmark operators listed on Air New Zealand's website in 2023, from a 2021 baseline.



Kaitiaki Adventures  
(Qualmark Gold accredited)





**Domestic tourism has been critical to Aotearoa New Zealand throughout the pandemic and plays an important role in supporting local tourism operators and the communities they operate in.**

**Welcoming tourists again**

Air New Zealand encouraged Kiwis to get out and explore Aotearoa New Zealand through domestic marketing activity in 2023. This included promoting domestic destinations to Kiwis to support communities across the country with the recovery of tourism to their region. Domestic destinations featured widely in Air New Zealand marketing activity. Partnership campaigns with Regional Tourism Organisations showcased the diverse range of landscapes and experiences and encouraged visitation to regions. This included partnership activity promoting Wellington, Nelson, Marlborough, Southland, Christchurch and Dunedin.

In the year ended June 2023, 1.1 million international visitors arrived in Aotearoa New Zealand for a holiday, 53% percent of the holiday visitor volumes in the year ended June 2019<sup>2</sup>. This is a result of a huge collaborative effort and partnerships across government and industry to attract high-quality visitors to Aotearoa New Zealand.

One such partnership is the co-operation between Air

New Zealand and Tourism New Zealand. Air New Zealand entered into a new three-year memorandum of understanding with Tourism New Zealand in July 2022. Cooperative marketing activity over the last year included joint marketing campaigns in key markets to highlight that Aotearoa New Zealand is open and to promote Aotearoa New Zealand as a beautiful place to visit, at any time of year.

To further raise awareness of Aotearoa New Zealand as a visitor destination and educate the travel trade on Aotearoa New Zealand, Air New Zealand was the Premier Sponsor of TRENZ (Aotearoa New Zealand's largest international tourism business event) and hosted a number of media and trade familiarisation visits to Aotearoa New Zealand.

**1.1m**

international visitors arrived in Aotearoa New Zealand for a holiday in year ended June 2023



This is

**53%**

of the holiday visitor volumes in the year ended June 2019.





## The significant size and impact of the tourism industry in Aotearoa New Zealand means it can be a major force for positive environmental and social change.

Such change, however, will only come with a shared vision and strong collaboration. To this end, Air New Zealand has worked on a number of collaborations in 2023 in order to set up structures for change that will reshape Aotearoa New Zealand as a more sustainable and resilient tourism offering. This has included:

- Air New Zealand was a member of the Leadership Group for the Tourism Industry Transformation Plan (ITP). The purpose of ITPs is to set transformative visions and action plans for key sectors in the Aotearoa New Zealand economy. Tourism was selected as an ITP because of its significance to the Aotearoa New Zealand economy. There have been two phases of the tourism ITP, one focusing on enabling better work, the other on environment. Air New Zealand have participated in both streams. The Better Work Action Plan was published in March 2023. The draft Environment Action Plan was released for consultation in June 2023 and will be finalised by the end of the calendar year.
- The release of Aotearoa Circle's Tourism Sector Climate Change Scenarios and Adaptation Roadmap that considers the climate related physical and transition risks the tourism industry faces in the coming decades. The Roadmap outlines a number of objectives to deliver on Aotearoa Circle's mission to ensure the tourism sector is resilient in light of the impacts of climate change. Laurissa Cooney was one of the co-chairs for the project and Air New Zealand contributed to the Roadmap development.
- The Tourism Industry Aotearoa is leading an initiative to design a new tourism industry strategy, that benefits Aotearoa New Zealand, our people, our businesses, our visitors and our environment. Air New Zealand is a member of the leadership group.

## Industry collaboration



Jasiah Jennings  
Auckland Camp

# Nurturing the future of Māori and regional tourism

## Our ongoing partnership with Queenstown Resort College (QRC) has continued to grow the youth of today into strong future tourism leaders that will be at the forefront of creating a sustainable domestic tourism industry.

In 2023, the airline continued to support the partnership through our annual travel fund. Activity enabled by the partnership has been high, as the impact and disruption of Covid-19 in the travel industry continues to ease. The travel fund is a significant enabler that has contributed to the rebound of student interest in the sector, driving recruitment by allowing Careers Advisors from around Aotearoa New Zealand to travel to QRC's campuses, and increasing QRC's ability to visit schools and career expos to lift its profile. Subsidised travel has also been available for prospective students to Tai Tokerau, in turn increasing student interest and enrolments as a direct result of removing the cost of travel as a barrier to access a tertiary education.

In 2024, Air New Zealand's partnership with QRC will continue, with an aim to not only grow tourism as an exciting and prosperous career, but also ensure sustainable tourism growth in regions of strategic importance.

Air New Zealand partnered with the National Geographic Society to hold a series of five Photo Camps throughout Aotearoa New Zealand. The Photo Camps were held in Murupara in 2019 and Russell, Auckland, Wellington, and Christchurch in 2023. The Photo Camps connected youth, aged 15 to 21, with National Geographic Explorers who provided the students with a detailed introduction to storytelling through photography. The theme of the Photo Camp series was "Tōku Mauri," which means "through the eyes." To showcase the photographs captured by rangatahi who took part in the Photo Camps, the country's largest [Metaverse photo gallery](#) was developed in 2023. Supporting the Photo Camps is a further step in our commitment to youth, their future and the protection of our land and culture.



Teresa Toa  
Auckland Camp



Tirzah Thuraisingham  
Wellington Camp



Latamai Katoa  
Russell Camp





**Air New Zealand’s extensive domestic network not only ensures our people stay connected, but also enables the airline to provide a helping hand to our precious taonga species.**

As part of Air New Zealand’s longstanding partnership with the Department of Conservation, in 2023 the airline flew 198 threatened species and Conservation Dogs, with more than 4,300 flown since the Partnership’s inception in 2012. In addition, Air New Zealand enables biodiversity projects on Aotearoa New Zealand’s Great Walks that includes over 43,000 hectares of predator control and critical threatened species monitoring.

# Supporting biodiversity



**198**

threatened species and Conservation Dogs translocated in 2023



More than **43,000**

hectares of predator control and critical threatened species monitoring enabled





**Robyn Haugh**  
Chief Executive at Trees That Count

"With an urgent need to scale and connect investment to nature for Aotearoa, this support from Air New Zealand will enable us to catalyse a highly ambitious programme of work from early concept into operational delivery. As well as supporting direct native tree planting we're also excited to get to work on testing methods and innovations to scale biodiversity outcomes in challenging locations. The hope is that this project will also create a framework for other regions and countries to aspire to, to mitigate the impacts of climate change with the help of the local community, businesses and the tourism sector."

# Supporting biodiversity



# \$1.1m

allocated to partner  
Trees That Count in 2023

### Internal carbon tax on New York flights

In 2023, Air New Zealand piloted an internal carbon tax on its flagship ultra long-haul route, Auckland to New York return – NZ1 and NZ2.

An internal carbon tax applies an internal carbon price to an activity, and creates a dedicated revenue or investment stream which Air New Zealand ringfenced for investment in sustainability initiatives. The \$1.1 million collected from the pilot in 2023 has been allocated to our partner Trees That Count, to invest in supporting the restoration and regeneration of Aotearoa New Zealand's native biodiversity. Specifically, funds are going to a reforestation project which will generate significant biodiversity, tourism, and community benefits. In partnership with **Trees That Count**, the project will be managed by a number of key stakeholders.

This is a significant opportunity for Air New Zealand to help this community-based project to become well established, supporting biodiversity improvements and tourism opportunities.



Pillar	Metric	2021	2022	2023
 <p><b>Caring for New Zealanders</b> Te manaaki i ngā tāngata o Aotearoa</p>	Representation of Māori and Pasifika in people leadership positions <sup>1</sup> throughout the organisation	16.0%	14.8% (our Mangōpare leadership development programme is creating a talent pipeline to support our target of 20.0% Māori and Pasifika representation in leadership roles by 2025)	16.0% (refer to <a href="#">page 41</a> )
	Employee engagement	Engagement index score of 71 (September 2021) <sup>2</sup>	Engagement index score of 68 (May 2022) <sup>3</sup>	Engagement index score of 71 (June 2023) <sup>4</sup> (refer to <a href="#">page 40</a> )
	Women in Airline Leadership Team (ALT)	51.0% <sup>5</sup>	45.5% <sup>6</sup>	40.7% <sup>7</sup> (the 50.0% target will be maintained and there will be a continued focus on building a pipeline of women leaders at all levels of lead of leadership and supporting them to grow)
	People Safety Risk Control Effectiveness (RCE) rating of substantially or fully effective <sup>8</sup>	84.0% <sup>9</sup>	84.0% <sup>10</sup>	82.0% <sup>11</sup>
	Percentage of active workforce covered under collective bargaining agreements <sup>12</sup>	75.0%	74.0%	77.0%
	Number of work stoppages	0	0	0
	Total days idle	0	0	0
	Description of implementation and outcomes of a Safety Management System	Air New Zealand's Safety Management System (SMS) is fully implemented and accepted by the Civil Aviation Authority New Zealand (CAAANZ). There are continuous SMS improvement activities, including SMS annual review and associated actions, designed to progress all SMS elements from operating to fully effective/best practice. Regular Management Review meetings and Board Safety meetings to provide assurance of SMS/ safety capability and performance	As per 2021. In addition, several CAAANZ audits of SMS conducted during the year, all with positive results	As per 2021. In addition, several CAA audits of SMS conducted during the year, all with positive results. IATA Operational Safety Audit (IOSA) identified some minor changes required for SMS to fully meet IOSA Standards. These findings were addressed and IOSA accreditation was renewed in early 2023 ahead of certificate expiry. Enhancements made to Integrated Safety Management System manual to incorporate best practice and align processes across organisation
	Number of aviation accidents <sup>13</sup>	0	0	0
	Number of governmental enforcement actions of aviation safety regulations <sup>14</sup>	0	0	0
	Total recordable rate of injuries <sup>15</sup>	4.7	3.6	3.8
	Lost Work Case Frequency Rate <sup>16</sup>	4.7	3.6	4.1

# Fundamental Metrics Table

**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 66.0%. We continue to encourage employees to complete this data to inform our strategies and programmes. **2** 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. **3** 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. **4** As at 30 June 2023, the Glint Global Top 25% engagement threshold was an Engagement Index score of 79. **5** 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. **6** Across all employees, 58.6% identify as a man, 40.3% identify as a woman, and 1.0% prefer not to say/unspecified. **7** Across all employees, 54.1% identify as a man, 44.9% identify as a woman, and 0.1% identify as gender diverse, with 0.9% 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 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** The remaining 16.0% of People Safety Risks are rated partially effective (the minimum for compliance). **10** The remaining 16.0% of People Safety Risks are rated partially effective (the minimum for compliance). It is expected that Risk Control Effectiveness at the risk level will continue to fluctuate as ongoing risk reviews continue to improve underlying understanding and assurance of risk controls in terms of hierarchy, impact on likelihood and/or consequences, and individual and collective effectiveness. **12** We have employees who are not a member of a union but their work is covered by a collective bargaining agreement. These employees are employed on individual employment agreements that are based on the terms and conditions of a collective bargaining agreement that covers their work. We also have employees whose work is not covered by a collective bargaining agreement. These employees are employed on individual employment agreements that are not influenced or determined by collective bargaining agreements. **13** Defined according to the International Civil Aviation Organization (Annex 13). **14** Defined as the number of enforcement actions from the Civil Aviation Authority New Zealand (CAAANZ), the U.S. Federal Aviation Administration (FAA), or the equivalent national authorities that are related to aviation safety regulations. **15** Total recordable rate of injuries is the total sum of lost time injury and medical treatment injury with the rate calculated as the average over the past 12 months. This calculation is based on the formula: (Sum of total recordable rate of injury reportable event for the past 12 months) x 1,000,000 / (Sum of Total Work Hours for the past 12 months). **16** This calculation is based on the formula: (Sum of lost time injury reportable events for the past 12 months) x 1,000,000 / (Sum of Total Work Hours for the past 12 months).






Pillar	Metric	2021	2022	2023
 <p><b>Caring for New Zealanders</b> Te manaaki i ngā tāngata o Aotearoa</p>	Fatalities	0	0	0
	Environmental non-compliances	Zero environmental non compliances as at end 2021	Zero environmental non-compliances as at end 2022 <sup>17</sup>	One <sup>18</sup> environmental non-compliance as at end 2023 <sup>19</sup>
	IEnvA stage 2 certification via IATA	IEnvA stage 2 certification achieved. In 2021, the scope of the certification was extended to include all Aotearoa New Zealand airports along with Flight Operations and national Corporate, Maintenance Repair Organisations and Cargo operations	IEnvA stage 2 certification achieved	IEnvA stage 2 certification achieved
	Suppliers providing positive assurance of our Supplier Code of Conduct <sup>20</sup>	Suppliers representing 92.7% <sup>21</sup> of our contestable spend provided positive assurance	Suppliers representing 92.4% of our contestable 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) <sup>22</sup>	Suppliers representing 74.3% of our contestable spend provided positive assurance (in 2023, Air New Zealand increased Supplier Code of Conduct coverage across a broader percentage of its supplier base including the into-wing logistics service provided by fuel companies. Total contestable spend has increased from \$0.6b in 2022 to \$2.47b in 2023. Whilst coverage on a percentage basis has declined, spend coverage has markedly increased)
	Total spend with diverse suppliers	N/A	N/A	\$12.0m
	Spend with Māori-owned businesses <sup>23</sup>	N/A	N/A	\$2.0m was spent with Māori-owned businesses
	Spend with dual Māori and Pasifika-owned businesses <sup>23</sup>	N/A	N/A	\$6.7m was spent with Māori and Pasifika-owned businesses
	Spend with Pasifika-owned businesses <sup>23</sup>	N/A	N/A	\$0.2m was spent with Pasifika-owned businesses
	Spend with Social Enterprises <sup>24</sup>	N/A	N/A	\$3.1m was spent with social enterprises (including \$0.9m spent with Māori-owned social enterprises)
	Proportion of spend with local businesses <sup>25</sup>	N/A	N/A	\$3.1b (53.8% of total third party spend) was spent with local businesses
	Annual volume of Aotearoa New Zealand exports on Air New Zealand	37,600 tonnes	43,720 tonnes	36,910 tonnes (refer to <a href="#">page 46</a> )
	Full compliance with ICAO noise standards for aircraft fleet	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	No notified noise breaches in 2023 Achieved full compliance with ICAO noise standards
	On-time performance (percentage measure arrivals within 15 minutes of scheduled arrival time)	N/A	N/A	77.0%
Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behaviour regulations	0	0	0	

# Fundamental Metrics Table

<sup>17</sup> The Environmental Protection Authority requested information from Air New Zealand and their subsidiary companies to assess compliance with the Ozone Layer Protection Act. <sup>18</sup> An inadvertent environmental breach has occurred in connection to soil disposal. Soil containing low levels of contaminants above background levels, but below the industry recognised health and environmental guidelines has been disposed of offsite from the Air New Zealand Auckland Airport site without the correct Council consent. Air New Zealand is working with relevant Councils on this. <sup>19</sup> The Environmental Protection Authority requested further information from Air New Zealand and their subsidiary companies to assess compliance with the Ozone Layer Protection Act. <sup>20</sup> Based on percentage of spend. This excludes the hedged portion of 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. <sup>21</sup> 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. <sup>22</sup> The Ivalua supplier portal streamlined the way we collect and monitor positive assurance from suppliers. This 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. <sup>23</sup> Māori-owned business are defined as enterprises that are at least 50% owned by Māori persons. Māori and Pasifika-owned business are defined as enterprises that are at least 50% owned by Māori and Pasifika persons. Pasifika-owned business are defined as enterprises that are at least 50% owned by Pasifika persons. <sup>24</sup> Social enterprises are defined as purpose-driven organisations that trade to deliver positive social, cultural and environmental impact. They are often profit-making businesses, but they reinvest profit in their purpose. <sup>25</sup> Local businesses are defined as those who have a registered New Zealand Head Office address.





Pillar	Metric	2021	2022	2023
 <p><b>Climate action</b> He mahinga taiao tūturu</p>	Tonnes of CO <sub>2</sub> -e Emissions (Scope 1 and 2)	1,335,911	1,515,621	2,842,715
	Tonnes of CO <sub>2</sub> -e Emissions <sup>26</sup> (Scope 3)	N/A	623,411 <sup>27</sup>	930,625 <sup>28</sup>
	Well-to-wake grams of GHG emissions related to jet fuel per revenue tonne kilometre (RTK) <sup>29</sup>	N/A	1,165	918
	Average annual reduction in carbon intensity (grams CO <sub>2</sub> -e per RTK)	31.6% increase compared to 2020 <sup>30</sup>	6.6% decrease compared to 2021 <sup>31</sup>	21% decrease compared to 2022 <sup>32</sup>
	Carbon Reduction Programme implemented in-line with IATA audit recommendations	While carbon reduction initiatives implemented in prior periods remain ongoing, the impact of Covid-19 restrictions and operational constraints 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 limited our ability to implement new initiatives in 2022 and our ability to accurately report savings by initiative. This remains a focus going forward	The Carbon Reduction Programme saved 4,200t of fuel or 13,200 tCO <sub>2</sub> -e. This is comprised from operational reduction initiatives 1,900t fuel (6,000 tCO <sub>2</sub> -e) and weight reduction initiatives 2,300t fuel (7,200 tCO <sub>2</sub> -e)
	Tonnes of carbon credits purchased on behalf of customers through the Voluntary Emissions Contribution Programme	40,749	59,257	70,810 (refer to <a href="#">page 32</a> ) <sup>33</sup>
	Voluntary Emissions Contribution Programme uptake rate <sup>34</sup>	7.0%	6.9%	6.0%
	Customer funds donated to activities that accelerate the restoration, regeneration, and production of permanent native forests	Over \$350,000 <sup>35</sup>	\$415,500 provided to the Native Forest Restoration Trust <sup>36</sup> and \$633,000 provided to Trees That Count <sup>37</sup> to support biodiversity outcomes in Aotearoa	\$1,200,420 has been provided to Trees That Count enabling the planting of over 170,299 native trees to support biodiversity outcomes in Aotearoa New Zealand
	Reduction in electricity use <sup>38</sup>	7.4% reduction compared to 2020	0.5% increase compared to 2021 (due to an easing of Covid-19 restrictions)	3.6% increase compared to 2022 (due to there being no substantial Covid-19 restrictions in 2023)
	Electric vehicles in light ground fleet (where feasible) <sup>39</sup>	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 did not enter our fleet until 2023)	87.0% electric vehicles where feasible 56.0% of full fleet are electric vehicles (new vehicle deliveries in 2023 have generally been replacing existing EV with new EV or existing ICE with new ICE (generally unfeasible diesel vans). Remaining feasible candidate EVs will be converted to EV in 2024)
Electric ground service equipment (GSE) fleet (where feasible) <sup>39</sup>	73.0%	73.0% (no increase in 2022 due to lack of charging infrastructure)	72.0% (motorised/electric GSE fleet changes have consisted primarily of replacements of existing electric golf carts and additional electric baggage tugs and electric passenger stairs. Equipment which is considered as feasible for E-GSE has increased due to the availability on the market of electric mobile ground power units and hybrid-electric aircraft pallet loaders. Orders have been placed for both of these equipment categories in 2023 for delivery in 2024. Total investment in Hybrid GSE is \$10.4m. 10.0% of this investment occurred in 2023 (deposit payments for these orders) with the remaining 90.0% to be provided in 2024 once equipment is at Ex Works status)	

# Fundamental Metrics Table

<sup>26</sup> Air New Zealand began reporting its scope 3 emissions in 2022. Only category 3 emissions were subject to a limited assurance engagement in 2022. In 2023, relevant categories of scope 3 emissions were subject to limited assurance, with the exception of category 7 (business commuting). <sup>27</sup> Only category 3 emissions were subject to a limited assurance engagement in 2022. Other categories were not subject to review. <sup>28</sup> Relevant categories of scope 3 emissions (categories 1, 2, 3, 5 and 6) were subject to limited assurance by Deloitte Limited, with the exception of category 7 (business commuting). Air New Zealand will do further work in 2024 to understand employee commute emissions. <sup>29</sup> Air New Zealand began reporting well-to-wake emissions from jet fuel in its operations in 2022. <sup>30</sup> Increase in carbon intensity largely due to Aotearoa border restrictions leading to lower than usual load factors on the international network and multiple national lockdowns impacting load factors on the domestic network. <sup>31</sup> Decrease in carbon intensity largely due to easing Aotearoa 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. <sup>32</sup> This improvement was largely due to the absence of border restrictions in Aotearoa compared to the prior period leading to higher load factors on the network. <sup>33</sup> 70,810 carbon credits have been pre-purchased by Air New Zealand on behalf of its customers. 29,574 of these credits have been retired by Climate Impact Partners on behalf of Air New Zealand. 41,236 of these credits need to be retired by Climate Impact Partners on behalf of Air New Zealand. <sup>34</sup> Number of bookings where a customer elects to contribute to the Voluntary Emissions Contribution Programme (Contribution Programme) as a percentage of all bookings through online storefronts where the Contribution Programme is available. <sup>35</sup> This represents funds collected from 1 July 2021 to 19 January 2022 under the Contribution Programme. <sup>36</sup> This represents funds collected from 20 January 2022 to 30 June 2022 under the Contribution Programme. <sup>37</sup> Much of Aotearoa New Zealand's electricity is generated from renewable energy sources (80-85%) (Te Tari Tiaki Pungao Energy Efficiency & Conservation Authority, 2023) <sup>38</sup> Where feasible refers to availability of electric models for operational requirements. <sup>39</sup>



Pillar	Metric	2021	2022	2023
 <p><b>Driving towards a circular economy</b> Te whai i te ōhanga whai hua</p>	Domestic waste to landfill <sup>40</sup>	N/A	N/A	889 tonnes
	Diversion of waste from landfill at domestic ground sites and airports serviced by our main waste provider <sup>40</sup>	41.3%	34.2%	40.4% (refer to pages 47, 48)
 <p><b>Sustainable tourism</b> He Tāpoi Mau Roa</p>	Sustained pest control enabled on the Great Walks through partnership with the Department of Conservation	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)	43,587 hectares
	Enabling regional connectivity through flight departures that connect Auckland/Wellington/Christchurch to regional centres	96,247	91,417 (flight departures impacted in 2022 due to lockdowns and border restrictions)	114,776

# Fundamental Metrics Table

<sup>40</sup> This covers Air New Zealand's domestic ground sites and airports serviced by our main waste provider. It excludes hazardous waste.





The below data is represented as headcount and provides further detail about our workforce profile as at 30 June 2023. Note, headcount numbers exclude employees on Parental Leave / Extended Leave without Pay, Persons of Interest (POIs), and Airport Contractors. Percentages may not sum to 100% due to rounding. FTE numbers in 2023 were 11,474 and 10,340 in 2022.

**Table 1. Employee / worker headcount by gender**

Gender Group	Employee		Contingent Worker		Total	
	#	%	#	%	#	%
Male	6,430	54.1%	97	68.3%	6,527	54.3%
Female	5,416	45.6%	30	21.1%	5,446	45.3%
Gender diverse	12	0.1%	0	0.0%	12	0.1%
Prefer not to say	10	0.1%	0	0.0%	10	0.1%
Unknown	14	0.1%	15	10.6%	29	0.2%
<b>Total</b>	<b>11,882</b>	<b>100.0%</b>	<b>142</b>	<b>100.0%</b>	<b>12,024</b>	<b>100.0%</b>

Gender data not available for all employees

**Table 2. Employee / worker headcount by age group**

Age Group	Employee		Contingent Worker		Total	
	#	%	#	%	#	%
20 and under	406	3.4%	1	0.7%	407	3.4%
21 – 30	2,463	20.7%	6	4.2%	2,469	20.5%
31 – 40	2,808	23.6%	43	30.3%	2,851	23.7%
41 – 50	2,602	21.9%	33	23.2%	2,635	21.9%
51 – 60	2,520	21.2%	19	13.4%	2,539	21.2%
61 – 64	684	5.8%	4	2.8%	688	5.7%
65 and over	386	3.2%	4	2.8%	390	3.2%
Unknown	13	0.1%	32	22.5%	45	0.4%
<b>Total</b>	<b>11,882</b>	<b>100.0%</b>	<b>142</b>	<b>100.0%</b>	<b>12,024</b>	<b>100.0%</b>

Age data not available for all employees

**Table 3. Employee / worker headcount by country**

Country	Employee		Contingent Worker		Total	
	#	%	#	%	#	%
Argentina	0	0.0%	1	0.7%	1	0.0%
Australia	94	0.8%	1	0.7%	95	0.8%
Canada	5	0.0%	0	0.0%	5	0.0%
China	93	0.8%	0	0.0%	93	0.8%
Cook Islands	70	0.6%	0	0.0%	70	0.6%
Fiji	19	0.2%	0	0.0%	19	0.2%
French Polynesia	9	0.1%	0	0.0%	9	0.1%
Hong Kong	17	0.1%	0	0.0%	17	0.1%
Japan	26	0.2%	0	0.0%	26	0.2%
Korea, Republic of	4	0.0%	0	0.0%	4	0.0%
New Zealand	11,436	96.3%	140	98.6%	11,576	96.3%
Samoa	7	0.1%	0	0.0%	7	0.1%
Singapore	13	0.1%	0	0.0%	13	0.1%
Taiwan	5	0.0%	0	0.0%	5	0.0%
Tonga	2	0.0%	0	0.0%	2	0.0%
United Kingdom	1	0.0%	0	0.0%	1	0.0%
United States of America	81	0.7%	0	0.0%	81	0.7%
<b>Total</b>	<b>11,882</b>	<b>100.0%</b>	<b>142</b>	<b>100.0%</b>	<b>12,024</b>	<b>100.0%</b>

# Supplementary workforce profile data



**Table 4. Employee / worker headcount by New Zealand location (city)**

City	Employee		Contingent Worker		Total	
	#	%	#	%	#	%
Auckland	7,935	69.4%	137	97.9%	8,072	69.6%
Blenheim	15	0.1%	0	0.0%	15	0.1%
Christchurch	1,707	14.9%	1	0.7%	1,708	14.8%
Dunedin	35	0.3%	2	1.4%	37	0.3%
Gisborne	17	0.1%	0	0.0%	17	0.1%
Hamilton	23	0.2%	0	0.0%	23	0.2%
Invercargill	44	0.4%	0	0.0%	44	0.4%
Napier	123	1.1%	0	0.0%	123	1.1%
Nelson	314	2.7%	0	0.0%	314	2.7%
New Plymouth	66	0.6%	0	0.0%	66	0.6%
Palmerston North	44	0.4%	0	0.0%	44	0.4%
Queenstown	145	1.3%	0	0.0%	145	1.3%
Rotorua	11	0.1%	0	0.0%	11	0.1%
Tauranga	149	1.3%	0	0.0%	149	1.3%
Wellington	801	7.0%	0	0.0%	801	6.9%
Whangarei	7	0.1%	0	0.0%	7	0.1%
<b>Total</b>	<b>11,436</b>	<b>100.0%</b>	<b>140</b>	<b>100.0%</b>	<b>11,576</b>	<b>100.0%</b>

**77%**

Percentage of employees / workers whose work is covered by collective agreements

**88%**

Percentage of employees in the group above who are union members

**2.09%**

Gender Pay Gap

# Supplementary workforce profile data

The above data is extracted from our HR reporting system, Workday, as at 30 June 2023.



Air New Zealand operates in a diverse environment, both in Aotearoa New Zealand and internationally, and is committed to a culture that values diversity and inclusion throughout the Group. It recognises the importance of fostering a diverse workforce which leads to better innovation, stronger customer connections and better business outcomes.

As an Equal Employment Opportunity (EEO) employer, the Air New Zealand Group is committed to promoting equal opportunities for its employees. This commitment is upheld through our performance management, recruitment, talent management and remuneration policies and practices.

The following table shows the gender composition and the associated gender equity pay differentials for all Aotearoa New Zealand and International employees covered by Individual Employment Agreements. Overall, our males are paid 2.09% more than females. Air New Zealand is committed to continually reviewing and addressing this gap through its recruitment, talent management and remuneration practices.

As well as monitoring pay outcomes, Air New Zealand is also focused on ensuring equitable representation in work levels and performance outcomes, as well as critically examining policies and programmes to ensure they promote equitable outcomes.

Air New Zealand Career Level	Number of Females	Number of Males	Average Pay Differential
<b>Executives and General Managers</b> Designs and drives business strategy for a major business division or Group-wide function	28	42	1.18%
<b>Senior Managers</b> Develops and implements the strategy and business plan for a division	120	168	0.08%
<b>Operational Managers</b> Inputs into the functional strategic plan, but focus is on operational management	306	343	4.19%
<b>Specialists and Team Leaders</b> Formally leads a team or an established specialist in a technical or professional discipline	638	499	2.90%
<b>Support/Administration</b> Work is routine, in nature, with set patterns	156	52	-1.37%
<b>Total</b>	<b>1,248</b>	<b>1,104</b>	<b>2.09%</b>

# Gender Pay Report

Please note: Gender equity pay differences are calculated on averaged, annualised, full-time equivalent salaries. This means that all employees – part-time and full-time are included in the calculation and the salaries of those who are not full-time employees are converted to a full-time equivalent. The analysis is broken down by Air New Zealand's career levels, enabling us to compare roles of similar complexity and provide insight into our population, highlighting opportunities for improvement. The gender equity pay differential is expressed as a percentage of men's earnings. A negative value means that women's earnings are higher than men's. Collective Covered Employees - Pay rates within Air New Zealand's collective agreements are skills, competency or service based, ensuring all employees with the same levels of service or skill in the same role, will be paid the same. These employees are not included in the scope of the Gender Pay Report.





**GRI Content Index**

In developing the 2023 Sustainability Report, we have considered the Global Reporting Initiative (GRI) Standards 2021. The table below provides an overview of the relevant GRI Standards for our material topics and where to find relevant information.

Indicator	Description	Location of Disclosure
<b>GRI 2 General Disclosures 2021</b>		
GRI 2-1	Organisational details	2023 Annual Report
GRI 2-2	Entities included in sustainability reporting	2023 Greenhouse Gas Inventory Report
GRI 2-3	Reporting period, frequency and contact point	2023 Sustainability Report, p 5
GRI 2-4	Restatements of information	2023 Sustainability Report, identified throughout
GRI 2-5	External assurance	2023 Greenhouse Gas Inventory (partial disclosure)
GRI 2-6	Activities, value chain and other business relationships	2023 Sustainability Report, p 7, 8, 45, 46
GRI 2-7	Employees	2023 Sustainability Report - <a href="#">Workforce Profile</a>
GRI 2-8	Workers who are not employees	2023 Sustainability Report - <a href="#">Workforce Profile</a>
GRI 2-9	Governance structure and composition	2023 Annual Report - Corporate Governance Statement 2023 Sustainability Report, p 13, 14
GRI 2-10	Nomination and selection of the highest governance body	2023 Annual Report - Corporate Governance Statement
GRI 2-11	Chair of the highest governance body	2023 Annual Report - Corporate Governance Statement
GRI 2-12	Role of the highest governance body in overseeing the management of impacts	2023 Sustainability Report, p 4, 13, 14, 15
GRI 2-13	Delegation of responsibility for impacts	2023 Sustainability Report, p 4, 13, 14, 15
GRI 2-14	Role of highest governance body in sustainability reporting	2023 Sustainability Report, p 4
GRI 2-15	Conflicts of interest	2023 Annual Report - Interests Register
GRI 2-16	Communication of critical concerns	2023 Annual Report - Corporate Governance Statement 2023 Sustainability Report, p 3, 9, 11
GRI 2-17	Collective knowledge of the highest governance body	2023 Sustainability Report, p 13
GRI 2-18	Evaluation of the performance of the highest governance body	2023 Annual Report - Corporate Governance Statement
GRI 2-19	Remuneration policies	2023 Annual Report - Corporate Governance Statement

Indicator	Description	Location of Disclosure
<b>GRI 2 General Disclosures 2021</b>		
GRI 2-20	Process to determine remuneration	2023 Annual Report - Corporate Governance Statement
GRI 2-21	Annual total compensation ratio	2023 Annual Report - Corporate Governance Statement
GRI 2-22	Statement on sustainable development strategy	2023 Sustainability Report, p 3
GRI 2-23	Policy commitments	<a href="#">Corporate and social policies</a>
GRI 2-24	Embedding policy commitments	<a href="#">Code of Conduct</a>
GRI 2-25	Processes to remediate negative impacts	<a href="#">Code of Conduct</a>
GRI 2-26	Mechanisms for seeking advice and raising concerns	<a href="#">Code of Conduct</a>
GRI 2-27	Compliance with laws and regulations	2023 Sustainability Report, p 61
GRI 2-28	Membership associations	<a href="#">Sustainability Stakeholders</a>
GRI 2-29	Approach to stakeholder engagement	<a href="#">Sustainability Stakeholders</a>
GRI 2-30	Collective bargaining agreements	2023 Sustainability Report - Workforce Profile, p 65
<b>GRI Material Topics 2021</b>		
GRI 3-1	Process to determine material topics	2023 Sustainability Report, p 9, 15
GRI 3-2	List of material topics	2023 Sustainability Report, p 9
<b>GRI 201 Economic Performance 2016</b>		
GRI 3-3	Management of material topics	2023 Sustainability Report, p 8, 9, 11, 45, 46, 52-55, 59
GRI 201-1	Direct economic value generated and distributed	2023 Annual Report
GRI 201-2	Financial implications and other risks and opportunities due to climate change	2023 Sustainability Report, <a href="#">Climate action section</a>
<b>GRI 204 Procurement Practices 2016</b>		
GRI 3-3	Management of material topics	2023 Sustainability Report, p 9, 11, 45
GRI 204-1	Proportion of spending on local suppliers	2023 Sustainability Report, p 61
<b>GRI 302 Energy 2016</b>		
GRI 3-3	Management of material topics	2023 Sustainability Report, p 9, 11, 13, 14, 15
GRI 302-1	Energy consumption within the organisation	2023 Sustainability Report, p 34 (partial disclosure) 2023 Greenhouse Gas Inventory Report (partial disclosure)
GRI 302-4	Reduction of energy consumption	2023 Sustainability Report, p 34, 62

# Indices of ESG Disclosures



**GRI Content Index (continued)**

Indicator	Description	Location of Disclosure
<b>GRI 305 Emissions 2016</b>		
GRI 3-3	Management of material topics	2023 Sustainability Report, p <a href="#">9</a> , <a href="#">11</a> , <a href="#">13</a> , <a href="#">14</a> , <a href="#">15</a>
GRI 305-1	Direct (Scope 1) GHG emissions	2023 Sustainability Report, p <a href="#">34</a> 2023 Greenhouse Gas Inventory Report
GRI 305-2	Energy indirect (Scope 2) GHG emissions	2023 Sustainability Report, p <a href="#">34</a> 2023 Greenhouse Gas Inventory Report
GRI 305-3	Other indirect (Scope 3) GHG emissions	2023 Sustainability Report, p <a href="#">34</a> 2023 Greenhouse Gas Inventory Report
GRI 305-4	GHG emissions intensity	2023 Sustainability Report, p <a href="#">36</a>
<b>GRI 403 Occupational Health and Safety 2018</b>		
GRI 3-3	Management of material topics	2023 Sustainability Report, p <a href="#">9</a> , <a href="#">11</a> , <a href="#">38</a> , <a href="#">42</a> , <a href="#">60</a>
GRI 403-1	Occupational health and safety management system	2023 Sustainability Report, p <a href="#">60</a>
GRI 403-9	Work-related injuries	2023 Sustainability Report, p <a href="#">60</a> , <a href="#">61</a>
<b>GRI 405 Diversity and Equal Opportunity 2016</b>		
GRI 3-3	Management of material topics	2023 Sustainability Report, p <a href="#">38</a> , <a href="#">39</a> , <a href="#">41</a>
GRI 405-1	Diversity of governance bodies and employees	2023 Annual Report - Corporate Governance Statement 2023 Sustainability Report - <a href="#">Workforce Profile</a>
GRI 405-2	Ratio of basic salary and remuneration of women to men	2023 Sustainability Report - <a href="#">Gender Pay Report</a>
<b>GRI 306 Waste 2020</b>		
GRI 3-3	Management of material topics	2023 Sustainability Report, p <a href="#">9</a> , <a href="#">11</a> , and <a href="#">Driving towards a circular economy section</a>
GRI 306-1	Waste generation and significant waste-related impacts	2023 Sustainability Report - <a href="#">Driving towards a circular economy section</a>
GRI 306-2	Management of significant waste-related impacts	2023 Sustainability Report - <a href="#">Driving towards a circular economy section</a>
GRI 306-3	Waste generated	2023 Sustainability Report, p <a href="#">47</a> , <a href="#">48</a> , <a href="#">63</a>
GRI 306-4	Waste diverted from disposal	2023 Sustainability Report, p <a href="#">47</a> , <a href="#">48</a> , <a href="#">63</a> (partial disclosure)
GRI 306-5	Waste directed to disposal	2023 Sustainability Report, p <a href="#">47</a> , <a href="#">48</a> , <a href="#">63</a> (partial disclosure)

# Indices of ESG Disclosures

**SASB Content Index**

In developing the 2023 Sustainability Report, we have considered the SASB (Sustainability Accounting Standards Board) Industry Standards. The table below provides an overview of the relevant SASB Standards for our material topics and where to find relevant information.

SASB Code	SASB Metric	Location of Disclosure
<b>Activity Metrics</b>		
TR-AL-000.A	Available seat kilometers (ASK)	2023 Annual Report - Key operating statistics
TR-AL-000.B	Passenger load factor	2023 Annual Report - Key operating statistics
TR-AL-000.C	Revenue Passenger Kilometres (RPK)	2023 Annual Report - Key operating statistics
TR-AL-000.D	Revenue Tonne Kilometres (RTK)	2023 Sustainability Report, p <a href="#">36</a> (disclosure of Grams of CO <sub>2</sub> -e per Revenue Tonne Kilometre)
TR-AL-000.E	Number of departures	2023 Sustainability Report, p <a href="#">7</a>
TR-AL-000.F	Average age of fleet	2023 Sustainability Report, p <a href="#">30</a>
<b>Greenhouse Gas Emissions</b>		
TR-AL-110a.1	Gross global Scope 1 emissions	2023 Sustainability Report, p <a href="#">34</a> 2023 Greenhouse Gas Inventory Report
TR-AL-110a.2	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	2023 Sustainability Report, p <a href="#">25</a> , <a href="#">34</a> , <a href="#">35</a> , <a href="#">36</a>
TR-AL-110a.3	(1) Total fuel consumed, (2) percentage alternative, (3) percentage sustainable	2023 Sustainability Report, p <a href="#">26</a> , <a href="#">34</a> 2023 Greenhouse Gas Inventory Report (partial disclosure)
<b>Labour Practices</b>		
TR-AL-310a.1	Percentage of active workforce covered under collective bargaining agreements	2023 Sustainability Report - Workforce Profile, p <a href="#">65</a>
TR-AL-310a.2	(1) Number of work stoppages and (2) total days idle	2023 Sustainability Report, p <a href="#">60</a>
<b>Competitive Behaviour</b>		
TR-AL-520a.1	Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behaviour regulations	2023 Sustainability Report, p <a href="#">61</a>
<b>Accident and Safety Management</b>		
TR-AL-540a.1	Description of implementation and outcomes of a Safety Management System	2023 Sustainability Report, p <a href="#">60</a>
TR-AL-540a.2	Number of aviation accidents	2023 Sustainability Report, p <a href="#">60</a>
TR-AL-540a.3	Number of governmental enforcement actions of aviation safety regulations	2023 Sustainability Report, p <a href="#">60</a>

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