

# Sustainability Report

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2021



# Contents

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03 Letter from the Air New Zealand Chief Executive Officer

04 Letter from the Chair of Air New Zealand's Sustainability Advisory Panel

05 About Air New Zealand

06 Our new Sustainability Framework

25 Fundamental metrics table

## Sections

---

09 **01**  
Caring for New Zealanders  
Te manaaki i ngā tāngata o Aotearoa

12 **02**  
Genuine climate action  
He mahinga taiao tūturu

18 **03**  
Driving towards a circular economy  
Te whai i te ōhanga whai hua

21 **04**  
Sustainable tourism  
He Tāpoi Mau Roa



## Letter from the Chief Executive Officer



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

**Despite the pandemic grinding our business to a halt, we believe climate change is the biggest crisis facing our airline. And if anything our commitment to take action has strengthened.**

Throughout the impact of Covid-19, our people have been at the frontline, keeping cargo moving and bringing more than 70,000 New Zealanders home from overseas in the last year. There hasn't been a single day where an Air New Zealand flight hasn't taken to the skies, moving essential workers and supplies around Aotearoa and the world. I'm immensely proud of the Air New Zealand whānau who have worked hard to protect themselves, each other and our customers.

In 2021, the climate crisis has continued to accelerate, with the latest climate change report from the Intergovernmental Panel on Climate Change giving the starkest warning yet that the window to limit global temperature rise to 1.5°C is narrowing rapidly. We recognise it has never been more important for business and government to work together and take bold steps to ramp up the pace and scale of genuine climate action.

This year has seen a renewed focus on the environmental impact of flying, and we are acutely aware that decarbonising aviation and Air New Zealand will be even more important when borders open. This will be key to our ability to continue to connect New Zealanders to the world and play our part in helping Aotearoa future proof its high-value exports and tourism sectors.

We've been working on a range of opportunities to achieve our net zero emissions by 2050 target, with particular focus on making sustainable aviation fuel (SAF) a reality in New Zealand and hastening the arrival of zero emissions aircraft. It is becoming increasingly clear that without readily available access to SAF, we will not be able to reach our net zero target.

We are in close discussion with the New Zealand Government on this and in July we signed a Memorandum of Understanding with the Ministry of Business, Innovation and Employment to determine the feasibility of producing SAF in New Zealand. SAF can be made using a range of waste materials and is critical to decarbonising the airline, in particular our long-haul flights.

We are actively pursuing opportunities around electric and hydrogen aircraft as an option for shorter domestic and regional flights, with ambitions to have electric aircraft in our fleet by 2030. This includes a strategic partnership with Airbus to explore the possibility of operating hydrogen planes on our domestic network. We are excited by the opportunities these technologies present that will allow us to better serve our customers with low carbon travel.

To help us deliver on our promise of taking care further than any other airline, I'm also delighted to introduce our new Sustainability Framework, which this year's Sustainability Report is structured around. The Framework will ensure we can continue to build on our strengths to prepare us for what lies ahead.

It has been fantastic to welcome Katherine Corich, Sam Mostyn AO, and Nadine Toe Toe to our Sustainability Advisory Panel this year. Katherine, Sam and Nadine add a wealth of sustainability knowledge and experience to our already very talented Panel and will ensure the Panel continues to provide that robust critique to drive our sustainability agenda forward (see page 8).

As we reflect on 2021 and set our eyes to the future, I'd like to say a big thank you to our customers who continue to challenge us each day to be our best and hold us to account on our sustainability journey. My appreciation also goes to the Air New Zealand Board for their continued support and guidance and to our partners who are working alongside us to help achieve our goals.

Ngā mihi

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

November 2021



## Letter from the Chair of the Sustainability Advisory Panel



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

**What an extraordinary year it's been for Air New Zealand – with continuing disruption from Covid-19, significant commercial pressures, and rising expectations on climate change as the year ended with the massive climate conference in Glasgow. Running an airline in the golden age of aviation must have been a doddle by comparison!**

For all of us involved in Air New Zealand's Sustainability Advisory Panel (see page 8), it's obviously been disappointing not being able to meet in person. But our online sessions have allowed us not just to stay completely up to speed with what is still an extremely dynamic agenda, but to continue to provide the kind of advice and challenge on which the Panel's value to our Air New Zealand colleagues depends.

As the new Sustainability Framework so succinctly demonstrates (see page 7), there's so much more to an airline's overall sustainability obligations than its response to accelerating climate change. But the Climate Emergency now looms so large as to require the constant attention of the Board, the CEO and the whole leadership – as well as the small team of sustainability and climate specialists charged with direct responsibility for driving things forward.

In that regard, there have been a number of key developments in the course of the year which the Panel has warmly welcomed: the development of a formal science-based target for the reduction of greenhouse gases (still to be accredited by the Science Based Targets initiative); a strategic partnership with Airbus, alongside extensive engagement with a wide range of partners in new technology pathways for aviation; and continuing support from customers for FlyNeutral (see pages 12-17).

There are two factors that differentiate the aviation sector from all other sectors: first, people who fly today value the privilege, and most of those who don't or can't fly today would love to be able to; second, the route to net zero carbon aviation, technologically, is harder than for any other sector. Pre-Covid, that persuaded a lot of leaders in the sector to sit back and refine their greenwash. But those days are long gone.

All airlines' social licence to operate will now become increasingly hard to earn and increasingly dependent on actions not on fine words. And after years of technological procrastination, the route to Net Zero for aviation is now fully under way – with highly significant competitive issues.

Over the last couple of years, for instance, interest in sustainable aviation fuels (SAF) has gone from a few niche players providing vanishingly small volumes, to a rapidly-maturing global industry enthusiastically signed up to a target of providing 10 percent of the volumes required by 2030. From a few millions of gallons to many billions – in just eight years.

As a small country at the end of the world, New Zealand will always be a price-taker. By 2030, it will be the big players in the industry who will be determining that price.

The only way of managing that risk is for New Zealand to ensure its own, indigenous SAF capability – and that means taking big decisions in a clear and accountable way over the next couple of years.

For most people, it may previously have been a rhetorical flourish to talk about sustainability as mission-critical for airlines. Now it's for real – as in which airlines will survive and which won't.

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

November 2021



## About Air New Zealand

It has been a year of contrasts for Air New Zealand. A robust domestic network, high-performing cargo business, and the Australian and Cook Islands border re-openings have kept the business moving. In 2021 we flew more than 8.6 million customers and operated 7,191 international cargo flights, carrying 104,572 tonnes of cargo, including delivering life-saving medicines and essential personal protective equipment to New Zealand and 37,600 tonnes of New Zealand exports to international markets.

While the impact of border closures and lockdowns have challenged our recovery, the pandemic has only reinforced the critical role that aviation plays in connecting New Zealand's trade and tourism, and has also reinforced the significant opportunity the airline has to build back better. Integral to building back better is the implementation of our new Sustainability Framework which is focused on taking bold and genuine action as we aspire to lead the aviation industry globally in sustainability and decarbonisation.

This framework is not just about Air New Zealand. It's about future proofing our key export and tourism industries. It's about keeping Kiwis and Kiwi products connected to the world and it's about ensuring that we prosper and remain a sustainable airline, now and into the future.



**20**

domestic network regions serviced across New Zealand



**8.6m**

customers flown



**407**

charter flights including MIQ and repatriation flights



**37,600**

tonnes of New Zealand exports flown to international markets



**3.3m**

social media fans, up from 3.2m in the prior year



**3.6m**

Airpoints™ members, up 3.9 percent from the prior year



**FTSE4Good**

Air New Zealand is a constituent of the FTSE4Good Index Series<sup>1</sup>

<sup>1</sup> The FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices.



## Our new Sustainability Framework

### Framework development

To develop our new framework, we considered feedback from our ongoing engagement with our stakeholders, including customers, investors, communities and partners, as well as the following forums:

- Air New Zealand Board of Directors, the Executive and Airline Leadership Team
- Air New Zealand's independent Sustainability Advisory Panel
- Key industry and sustainability bodies<sup>2</sup>

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

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

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

The material issues identified through this consultation process were then shared with our Sustainability Advisory Panel, the Executive and the Board for further consultation as part of Kia Mau, our company-wide strategy reset in 2020.

### Sustainability Framework

The insights gained from this materiality assessment enabled us to identify the four pillars of our new Sustainability Framework:

- **Caring for New Zealanders:** Caring for Air New Zealanders, our customers and communities, and supporting New Zealand in its recovery from the pandemic
- **Genuine climate action:** Setting an interim science-based target, implementing our decarbonisation roadmap to step us closer to our goal of net zero emissions by 2050, taking customers along with us on the journey, and supporting biodiversity and native forestry offsetting
- **Driving towards a circular economy:** Designing and procuring with a circular mindset, reducing single-use plastics, supporting new recycling infrastructure and sustainable packaging innovation, and embedding a waste minimisation culture
- **Sustainable tourism:** Industry leadership and collaboration, including in relation to the Tiaki Promise and Qualmark, and supporting regional and Māori tourism

<sup>2</sup> For more information on our stakeholder engagement, click [here](#).

# Sustainability Framework



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

## Our priorities



### Caring for New Zealanders

Te manaaki i ngā tāngata o Aotearoa



### Genuine climate action

He mahinga taiao tūturu



### Driving towards a circular economy

Te whai i te ōhanga 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 New Zealand's social and economic revival

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

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

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

## Our targets

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

1. Glint's Global Top 20% Engagement Index is based on employee survey results across more than 750 companies surveyed around the globe and 175 million data points.  
2. Based on the volumetric utilisation of available belly capacity (including passenger bags) unless a 100% gross weight load factor is achieved sooner.

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

- Removal of 50% of forecasted single-use plastic items on our international flights by 2023 from a 2021 baseline<sup>3</sup>. 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>4</sup>.

3. The 2021 baseline value was adjusted to reflect the updated forecasts for passenger volumes as of May 2020.  
4. This target covers Air New Zealand's domestic ground sites and airports serviced by our main waste provider.

- 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>5</sup>.

5. As measured by Air New Zealand's Insights Tracker that surveys 400-500 New Zealand travellers each month.

United Nations Sustainable Development Goals





### Implementation of the Framework

We have identified key targets under each pillar to drive Ambitious Action and hold ourselves to account.

These pillars and the opportunities that sit underneath them are deeply interconnected. For instance, reducing waste will decrease the greenhouse gas emissions from sending waste to landfill, and supporting biodiversity and native forestry offsetting will further protect and enhance the environment that is the centrepiece of New Zealand's tourism offering.

Collaboration with Government, industry, iwi and communities will be vital for us to deliver on the initiatives contained in our new Framework.

Key focus areas and targets will be reviewed and externally reported on annually to ensure action on Air New Zealand's most material issues remains relevant and has the most significant positive impact.

### Sustainable Development Goals

The Sustainable Development Goals provide a blueprint for a more sustainable future for all.

We have identified 10 sustainable development goals that Air New Zealand has the greatest ability to positively impact through the four pillars of our Sustainability Framework.



### Governance of Sustainability at Air New Zealand

The Air New Zealand Board have the overarching responsibility for sustainability and has signed off on significant sustainability targets.

The Board meet with our external Sustainability Advisory Panel on an annual basis. In addition to regular reporting from management to the Board, more detailed oversight of elements within the Sustainability Framework is exercised through the Board's People Remuneration & Diversity Committee, Health, Safety & Security Committee, and Audit and Risk Committee.

The Sustainability team reports to the Executive on how we are tracking against our sustainability strategy each month, and our progress against key projects and goals is reviewed through the monthly Kia Mau executive steering committee.

#### Sustainability Advisory Panel

Our Sustainability Advisory Panel has six external members who were selected based on the range of skills and expertise we considered necessary to shape and inform our sustainability agenda. The panel meets twice a year to independently advise and challenge all aspects of our sustainability journey. Panel members also provide guidance to Air New Zealand

in between these meetings, including on the ongoing implementation of our decarbonisation roadmap. Members of Air New Zealand's executive team participate in the Sustainability Advisory Panel meetings. To find out more about the panel, including its three new members that came onboard this year, click [here](#).



# 01

## Caring for New Zealanders

He tāngata,  
he tāngata,  
he tāngata.

People are at the heart of everything we do and everything we stand for. With a promise of manaaki, we are committed to taking care further than any other airline. This promise extends from our employees to our customers and communities.

While we continue to adapt to Covid-19, our focus is on how we support the recovery of New Zealand's economy by connecting Kiwis with each other and the world. Growing our cargo business is key to this, as well as continuing to support our local suppliers and communities as they too recover.



# Caring for Air New Zealanders

## Supporting our people

Air New Zealanders’ ability to adapt quickly to change and support each other and our customers in times of uncertainty has been particularly apparent over the past 20 months. Our people have worked harder than ever before and we have continued to support them with several wellbeing tools, including our Wellbeing Hub and the Thrive mental health app. Financial assistance has been offered through the Āwhina Trust<sup>1</sup>, providing hardship grants to more than 1,585 employees since its establishment in April 2020.

Health & Safety is our highest priority and supporting the wellbeing of our people is central to this. We have recruited and trained Peer Support volunteers in operational areas across the business, supported our leaders to build competency in this space and run a number of Mental Health, Resilience and QPR Institute suicide prevention workshops. Our aim is to grow access to and use of support tools and resources, including the Employee Assistance Programme, Peer Support

Network, Wellbeing Check Ins and Bullying & Harassment Contacts. The utilisation rate of support tools was 15.6 percent in 2021<sup>2</sup>.

Vaccination against Covid-19 is important. In addition to the Government-mandated frontline worker vaccination rollout, we recently broadened our employee vaccination requirements in response to the increased risks posed by the Delta variant. We have worked closely with our people and unions to support the vaccination rollout, making sure all the information we provide is clear, and inviting vaccination experts to answer questions. We also created opportunities for Air New Zealanders and their whānau to get vaccinated to help ensure our people and their loved ones are safe.

## Our focus on diversity, equity & inclusion

Our diversity, equity & inclusion vision is to create an inclusive environment where our diverse workforce of Air New Zealanders, proudly representative of Aotearoa,

can be themselves and thrive. Our focus is on building and instilling a culture of manaaki that flows through to our customers and communities. Unconscious Bias workshops, as well as looking at the language we use, the behaviours we accept, and the workspaces we offer, help to lay the foundations for what we aspire to.

Core to an inclusive environment are our 10 Employee Networks that are led and run by Air New Zealanders passionate about providing support and the space for everyone to be themselves. The Networks come together regularly to share ideas and identify opportunities to collaborate, and are instrumental in the renewals of our Gender, Rainbow and Accessibility Ticks.

Another focus is how we develop, retain and attract diverse talent. We have come a long way in our drive to increase the number of women in leadership, with more than 50 percent of the Airline Leadership Team comprised of women. In addition, we are supporting Māori and Pasifika into leadership roles, with a target of 20 percent by 2025

(from 16 percent in 2021). We have continued our Mangōpare leadership development programme to engage aspiring leaders of Māori and Pacific Islands descent through embracing indigenous values.

## Listening to our people

In 2021 we introduced our quarterly Employee Survey to give us a pulse on how people are feeling and enable us to focus our efforts based on feedback provided by Air New Zealanders.

We have an engagement aspiration of reaching Glint’s Global Top 20 percent Engagement Index<sup>3</sup>. Air New Zealand’s engagement index score as at 1 September 2021 was 71<sup>4</sup> (compared with the Global Top 20 percent benchmark of 79). As we work towards this target, we have made some changes to the ways we work, improved access to senior leaders, and reintroduced new remuneration and benefits for Air New Zealanders to acknowledge their exceptional efforts, including a one-off \$1,000 award of shares or cash.

## Employee networks in operation

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

<sup>1</sup> The Āwhina Trust was set up to provide employees with hardship grants, using funds provided through salary sacrifice and donations from employees. <sup>2</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. <sup>3</sup> Glint’s Global Top 20 percent Engagement Index is based on survey results across more than 750 companies surveyed around the globe and 175 million data points. <sup>4</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.



## Caring for our communities



Air New Zealand's wide-reaching operations allows us to provide manaaki to every community we fly to.

As a proud partner of Koru Care 4 New Zealand for more than 35 years, we've helped make dreams come true for thousands of children with a range of illnesses and disabilities. In May 2021, our **Little Heroes flight** departed from Christchurch carrying 50 Koru Care kids on a very special flight path. Many Air New Zealanders and special guests, The Drax project and All Blacks Sam Cane and Joe Moody, ensured it was a magical event that left the kids and their families on a high.

Air New Zealand also continued to donate a range of excess goods, like blankets, pillows, cookies and unbranded uniforms. In 2021, 720,874 goods were given to a range of charities, including Women's Refuge, to support people and local communities that have been particularly hard hit over the last year.

## Supporting New Zealand's recovery

As Air New Zealand recovers it is vital we support New Zealand's recovery more widely.

Throughout the pandemic, our cargo operations have played an integral role in ensuring New Zealand exports continue to reach key international markets, including 37,600 gross tonnes of exports in 2021.

We recognise aviation has an important role to play in reducing emissions in the freight supply chain through improving efficiencies, so are taking steps to reduce the carbon intensity of our air cargo operations. One objective is to increase cargo load factors to 85 percent<sup>1</sup> by 2025. Filling underutilised belly capacity is one lever available to reduce our carbon intensity.

Taking suppliers on our sustainability journey is also a priority. In July we launched our new supplier management system, Ivalua, to enhance our procurement capabilities. The system allows us to capture more accurate data, enabling us to create more resilient and sustainable supply chains.

Ivalua will help us establish a clearer picture of our supplier network and will be instrumental in meeting our new target to establish a baseline of Air New Zealand spend with Māori and Pasifika-owned businesses and social enterprises by 2022. This will aid our efforts to grow partnerships with this sector and allow these businesses, as well as the communities they support, to thrive.

To assist us with these endeavours, we became an Aumatua member of Amotai in July 2021. Amotai is a supplier diversity intermediary that is connecting us with Māori and Pasifika-owned businesses. We are also a connect member of Ākina's Impact Buyer Programme, a social procurement programme run by the Ākina Foundation, an impact development consultancy that are champions of social enterprise.

<sup>1</sup> Our objective to increase cargo load factors to 85 percent is based on the volumetric utilisation of available belly capacity (including passenger bags) unless a 100 percent gross weight load factor is achieved sooner.



# 02

## Genuine climate action

New Zealand is an island nation at the bottom of the world, and air travel keeps us connected around the globe.

Whether it's connecting customers with their families or keeping our trade and export industry moving, air travel is key to keeping New Zealand connected. We acknowledge this means we have

higher greenhouse gas emissions than many New Zealand companies and are committed to taking urgent and ambitious action to decarbonise.



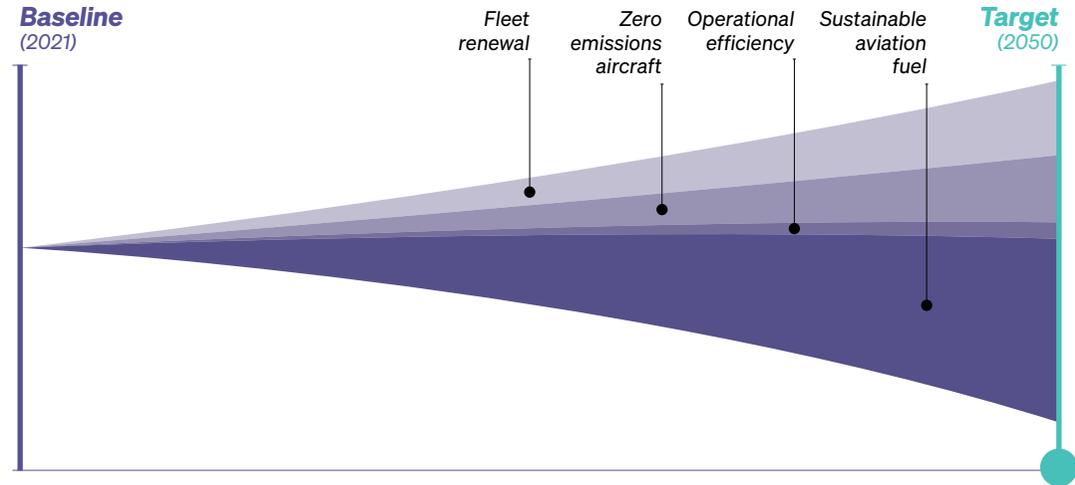
# Our roadmap to decarbonisation

Our decarbonisation roadmap identifies four main levers needed to reach net zero by 2050:

- The use of sustainable aviation fuel (SAF)
- The operation of zero emissions aircraft
- Continued investment in our modern fleet replacement programme
- Improvements in operational efficiencies (such as through optimised flight planning)

Significant innovation and close collaboration between the private and public sectors will be vital to dramatically reduce emissions in less than 30 years.

Even with the full deployment of available technologies, there is no known technology mix that can enable the aviation industry to reach absolute zero emissions by 2050. This is why offsetting remains in our roadmap to address residual emissions.



	Zero emissions aircraft	Sustainable aviation fuel (SAF)	Operational efficiency	Fleet renewal	Carbon offsetting
Description	Future hydrogen or battery or hybrid aircraft technologies	Non-fossil derived jet fuel, carbon reduction potential of more than 80%, compatible with existing aircraft without modification	Optimising carbon efficiency from flight and ground operations	Rollover current fleet to new jets that achieve greater fuel efficiency	1. Purchasing industry-agnostic carbon credits; 2. Using carbon capture technology that processes and safely stores CO <sub>2</sub> underground (~2040-2050)
2050 Decarbonisation Potential	20%	50%	<2%	20%	<b>Residual</b>
Key Initiatives	<ul style="list-style-type: none"> <li>• Q300 replacement programme focused on electric or hydrogen substitute</li> <li>• Memorandum of Understanding with Airbus – hydrogen aircraft technologies</li> <li>• Memorandum of Understanding with ATR – battery/hybrid designs</li> <li>• Partnering with future energy stakeholders to enable both battery-electric and green hydrogen solutions</li> </ul>	<ul style="list-style-type: none"> <li>• Government advocacy and engagement on key policy, regulatory, and investment settings needed to make SAF a reality in New Zealand</li> <li>• Member of the SAF Consortium – joint research and advocacy on steps to establish domestic SAF production and a public-private aviation decarbonisation advisory body</li> <li>• Memorandum of Understanding with the Ministry of Business, Innovation and Employment to engage in a process seeking respondents to demonstrate the feasibility of establishing a domestic SAF plant</li> </ul>	<ul style="list-style-type: none"> <li>• Optimising cabin weight to reduce fuel burn, including the use of our cost of weight calculator to inform decisions</li> <li>• Member of New Southern Sky Programme considering airspace efficiencies</li> <li>• Ground efficiency improvements through electric ground power and pre-conditioned air units</li> </ul>	<ul style="list-style-type: none"> <li>• Plan to replace the Boeing 777 fleet with more efficient Boeing 787 aircraft</li> <li>• Airbus domestic fleet transitioning to Airbus A321neo aircraft</li> </ul>	<ul style="list-style-type: none"> <li>• Representation on government working group to develop a framework for voluntary offsetting in New Zealand</li> </ul>



## Setting a science-based target

Air New Zealand is committed to taking genuine climate action. In addition to our goal of net zero carbon emissions by 2050, we are planning to set a science-based carbon reduction target.

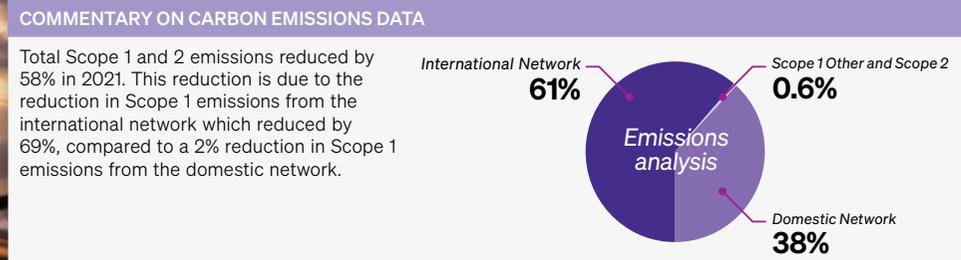
Air New Zealand was a member of the Science Based Targets initiative’s technical working group developing the target setting methodology for aviation and is currently working through target accreditation. The target is aligned to a ‘well below 2°C’ pathway and requires an absolute reduction in carbon emissions, with no provision for carbon offsets.

To guide us to meet these targets, we have developed the decarbonisation roadmap that identifies the technologies and actions we must adopt to reduce our emissions.

## Emissions snapshot

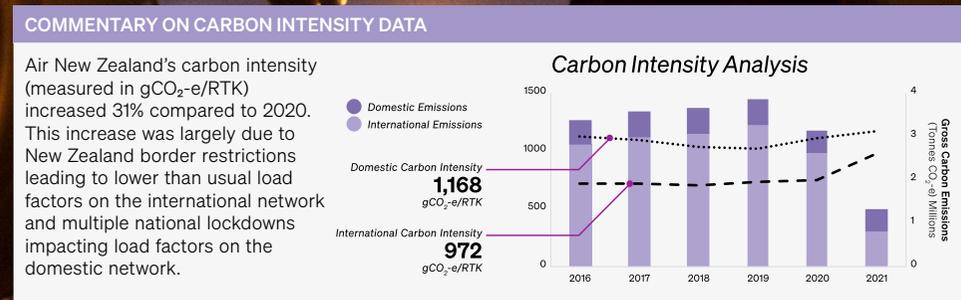
We use a range of carbon metrics in our internal reporting, strategy formation and decision making. This includes metrics related to assessing the impact of gross carbon emissions, emissions intensity values and the value of New Zealand’s carbon compliance obligations. The impact of Covid-19 has had a significant impact on Air New Zealand’s operations and network as well as the key metrics that Air New Zealand reports on. As a consequence, it is difficult to meaningfully compare the key metrics with prior years.

CARBON EMISSIONS DATA <sup>1</sup>	2019	2020	2021
Scope 1 International Network Emissions (Tonnes of CO <sub>2</sub> -e) <sup>2</sup> (Jet Fuel)	3,286,502	2,649,922	817,078
Scope 1 Domestic Network Emissions (Tonnes of CO <sub>2</sub> -e) (Jet Fuel)	629,876	518,607	508,737
Scope 1 Other Emissions <sup>3</sup> (Tonnes of CO <sub>2</sub> -e)	9,273	8,106	7,376
Scope 2 Emissions (Tonnes of CO <sub>2</sub> -e) (Electricity)	3,098	2,832	2,720



CARBON INTENSITY DATA		2019	2020	2021
International Network	Grams of CO <sub>2</sub> -e per Revenue Tonne Kilometre (RTK)	726	747	972
Domestic Network	Grams of CO <sub>2</sub> -e per Revenue Tonne Kilometre (RTK)	1,028	1,112	1,168

Carbon intensity data below provides a measure of emissions generated for each kilogram of payload flown. This is the prominent metric for benchmarking airline carbon intensity. Air New Zealand aims to improve carbon intensity by reducing emissions and maximising total payload carriage (RTK)<sup>4</sup>.



<sup>1</sup> Air New Zealand discloses its emissions within its Greenhouse Gas (GHG) Inventory report, full definitions of emission scopes can be found within that report, extracts from that report are duplicated here within. Deloitte was engaged to provide reasonable assurance over the 2021 GHG Inventory Report. Refer to the reporting and communications page on Air New Zealand’s website for the full GHG Inventory and Assurance Report. <sup>2</sup> Gases included in the carbon dioxide equivalents (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>3</sup> Scope 1 other emissions include the combustion of jet fuel from ground operations, LPG, natural gas, diesel, petrol, and wood pellets. <sup>4</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 Air New Zealand records, and passenger weights are estimated at 100kg per passenger (including checked and carry-on baggage) as recommended by IATA for generating a fuel efficiency target. CO<sub>2</sub>-e emissions are from Air New Zealand’s use of aviation fuel over the same time period.



## Sustainable aviation fuel

SAF is critical on our pathway to net zero and is the only current option for decarbonising long-haul flights. Made from waste materials such as used cooking oils, forestry residues or landfill waste, SAF has the potential to reduce carbon emissions by more than 80 percent compared with traditional jet fuel.

SAF is known as a 'drop in' fuel, providing direct replacement fuel to fossil jet fuel, and not requiring different infrastructure or engine technology. It is safe and proven – since 2016, more than 300,000 commercial flights have used SAF.

Currently, there is no SAF supply in New Zealand, and there is a global SAF shortage – less than 1 percent of aviation fuel supplied in the world is SAF. Where it is available, it is three to five times the cost of traditional jet fuel.

Air New Zealand has been working on solving the issue of SAF supply in New Zealand, including in collaboration with others in the private sector through several SAF consortia.

In August this year we announced our partnership with the Government to investigate the feasibility of producing SAF in New Zealand with the hope it will result in local SAF production in five to seven years' time. As well as reducing aviation emissions, domestic production has other economic and social benefits, including creating skilled jobs benefiting the regions, enabling more resilient fuel supply chains (rather than relying solely on imported fuels), and utilising waste materials as feedstock, for example from forestry.

We continue to actively engage in government consultations on climate change policy, advocating for additional research, policies and investment that are vital to establish a SAF market and reduce the cost. This includes advocating for a SAF-specific mandate to stimulate SAF demand and encourage investment in SAF production. We are also advocating for the establishment of a public-private aviation decarbonisation advisory body to consider and advise on the right policy settings to advance SAF (and zero emissions aircraft) in New Zealand. We have outlined these and other actions in our responses to the [Climate Change Commission's draft advice](#), and the [Government's consultations on a pathway to get transport to net zero by 2050](#) and a [biofuels mandate](#). In May 2021, we also shared a [SAF White Paper](#) with the Government that outlined vital and immediate policy steps to make SAF a reality in New Zealand.





## Zero emissions aircraft

To truly decarbonise aviation, we'll need both SAF and battery-electric, hybrid-design, and/or hydrogen-electric aircraft. Our ambition is to be operating these zero emissions aircraft on our regional network from 2030, or as soon as feasible.

To expedite the development of these aircraft, Air New Zealand has established several strategic partnerships with manufacturers of zero emissions aircraft to deepen our understanding of these technologies. This includes a **Memorandum of Understanding with aircraft manufacturer, Airbus**, to analyse the impact hydrogen aircraft may have on our network, operations and infrastructure.

We are also engaging across the broader aviation and energy sectors to plan and prepare for the new renewable energy and infrastructure requirements of zero emissions aircraft.

New Zealand has a unique opportunity to be a world leader in the adoption of zero emissions aircraft given the country's high percentage of renewable energy. These aircraft also have the potential to enable us to operate new, shorter routes, increasing connectivity for regional New Zealand.



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## Fleet renewal

Air New Zealand has an average fleet age of 6.7 years<sup>1</sup> making it one of the youngest and most efficient fleets in the world. This is due to continued development of our fleet modernisation and simplification strategy, including the addition of Airbus A321neo aircraft to the domestic fleet in 2022, retirement of our Boeing 777-200ER fleet, phasing out our Boeing 777-300ER fleet by 2027, and preparing for the future delivery of the more fuel efficient Boeing 787 Dreamliners powered by new GE next-generation engines from 2023.

## Operational efficiencies and airspace optimisation

Our carbon intensity across the network increased by 31 percent compared to 2020 (from 789 grams CO<sub>2</sub>-e per RTK in 2020 to 1,039 grams CO<sub>2</sub>-e per RTK in 2021). This increase was largely due to New Zealand border restrictions leading to lower than usual load factors on the international network and multiple national lockdowns impacting load factors on the domestic network.

Our Carbon Reduction Programme has been running since July 2017 and has delivered more than 41,600 tonnes of carbon emission reductions. While carbon reduction initiatives

<sup>1</sup>On a seat-weighted basis.

implemented in prior periods remain ongoing, the impact of Covid-19 restrictions and operational constraints have limited our ability to implement new initiatives in 2021 and our ability to accurately report savings by initiative. This remains a focus going forward.

## FlyNeutral

This year we made some changes to our offsetting programme, FlyNeutral. Originally, we sourced half of our FlyNeutral carbon credits from permanent native forestry projects in New Zealand. Unfortunately, we can no longer find enough of these credits to meet demand. Now when a customer chooses to offset their flight related emissions, 100 percent of their carbon is offset using carbon credits from international projects that comply with international best practice. In addition, a customer's FlyNeutral contribution directly contributes to supporting New Zealand's native biodiversity through a donation to the **Native Forest Restoration Trust** (NFRT). Between January and 30 June 2021, over \$350,000 of customer funds were donated to the NFRT to spend on activities that accelerate the

restoration, regeneration, and production of New Zealand's permanent native forests. For more information, see our [FlyNeutral video](#).

Despite the disruption caused by Covid-19, the number of our retail customers that voluntarily offset their flight-related carbon emissions under FlyNeutral remained stable at 7.0 percent in 2021, compared to 7.1 percent in 2020. In total, customers elected to offset over 40,000 tonnes of CO<sub>2</sub>-e in 2021.

## Climate-related risks

Ensuring Air New Zealand has an effective governance structure and strategy in place to manage the risks that climate change presents is a major priority for the airline. Our **2021 Taskforce for Climate-Related Financial Disclosures** sets out our climate-related governance, strategy, risk management, metrics, and targets that provide the basis by which our airline will adapt to the changing world that climate change is already affecting.

## Carbon compliance

Air New Zealand remains a participant in the New Zealand Emissions Trading Scheme and has an obligation to report greenhouse gas emissions generated from fuel use on all domestic flights and then purchase and surrender to the Government an equal number of New Zealand Units to match those emissions. In the 2020 calendar year, our Emissions Trading Scheme obligation was 412,810 tonnes of CO<sub>2</sub>-e, resulting in a compliance cost of \$14.5 million.

With the introduction of auctioning in the Emissions Trading Scheme, Air New Zealand continues to advocate for auction proceeds to be ring fenced to accelerate the development and deployment of technologies that enable aviation decarbonisation and provide a suite of co-benefits to New Zealand.

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





# 03

## Driving towards a circular economy

Driving towards a circular economy requires sustainability to be taken into account right from the design phase.

It requires innovation in sustainable products and packaging and an expansion of recycling infrastructure.

Air New Zealand must continue to build on the work we have already undertaken to reduce single-use plastic and divert waste from landfill.

Fundamental to all of this is embedding a waste minimisation culture so that every Air New Zealander plays a role in contributing to this pillar and meeting our new waste target.



## Waste target

With a renewed strategic focus and greater understanding of our waste profile, in June 2021 we set a waste target of 65 percent diversion from landfill by 2023. This target covers Air New Zealand's domestic ground sites and airports serviced by our main waste provider<sup>1</sup>.

At the end of 2021, Air New Zealand was diverting 41.3 percent of our waste from landfill. To identify opportunities to divert further waste from landfill, a range of waste audits were conducted at our Auckland sites (including our Auckland Airport domestic waste dock, engineering, cargo, and corporate offices). Consultation across the business and with our waste provider helped us gain further clarity on the key actions available to meet this target.

The target is ambitious to drive bold waste minimisation initiatives while also recognising the complexities that arise from our operations, including the range of locations where we operate and varying degrees of access to recycling infrastructure.

## Embedding a waste minimisation culture

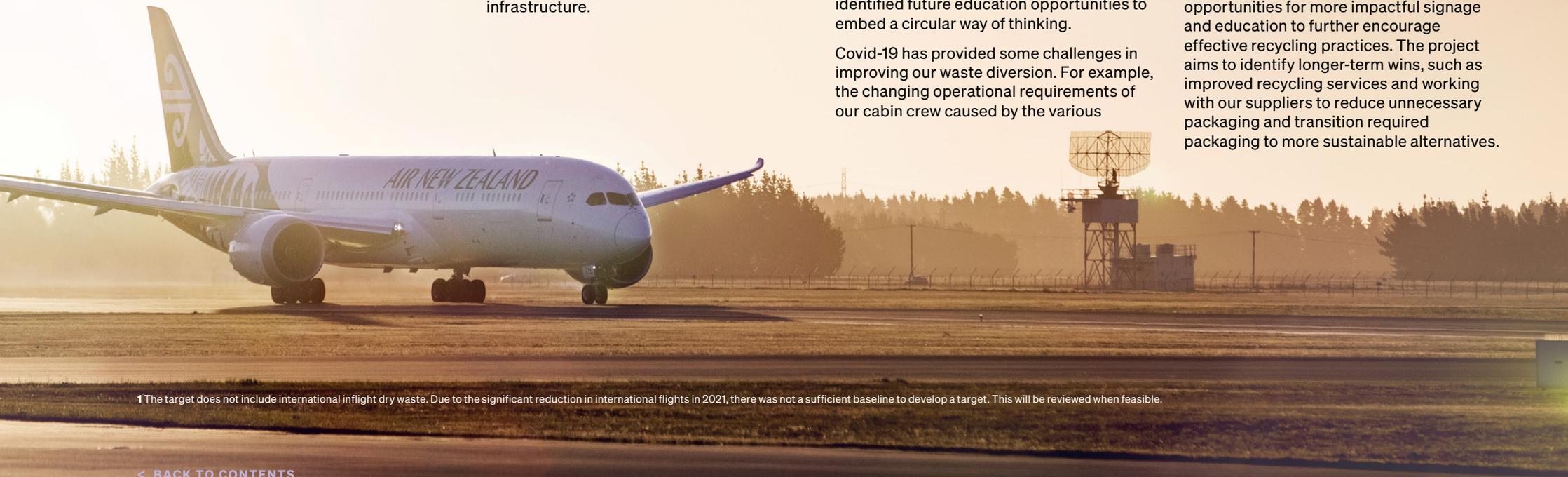
With over 8,000 employees, embedding a waste minimisation culture across the business is integral to our ability to improve waste diversion.

In October 2020, Air New Zealand participated in Recycling Week, with a call to action to reduce contamination (non-recyclable waste) in our mixed recycling bins. We also ran a Plastic Free July campaign focusing on using reusable coffee cups and disposing of takeaway coffee cups correctly. These campaigns prompted a great conversation between Air New Zealanders about their recycling habits and identified future education opportunities to embed a circular way of thinking.

Covid-19 has provided some challenges in improving our waste diversion. For example, the changing operational requirements of our cabin crew caused by the various

impacts of Covid-19, has limited opportunities to implement effective recycling education to further divert inflight waste from landfill. To reignite effective recycling habits on our domestic jets, we ran a targeted campaign with our Airbus A320 cabin crew to increase the amount of recycling and compostable material collected on flights. This resulted in a substantial increase in mixed recycling and compostable collections, from 1.4 tonnes in Q1 of 2021 to 10.3 tonnes in Q4 of 2021.

Waste audits also identified opportunities to divert more waste from landfill at our Engineering & Maintenance, and Cargo sites. A waste culture change project is planned in these business areas to identify opportunities for more impactful signage and education to further encourage effective recycling practices. The project aims to identify longer-term wins, such as improved recycling services and working with our suppliers to reduce unnecessary packaging and transition required packaging to more sustainable alternatives.



<sup>1</sup> The target does not include international inflight dry waste. Due to the significant reduction in international flights in 2021, there was not a sufficient baseline to develop a target. This will be reviewed when feasible.



## Sustainable design

The majority of a product's environmental impact is determined during product design. This was front of mind when Air New Zealand launched a programme of work to redesign its international serviceware offering as part of the wider Future Aircraft Cabin Experience (FACE) programme to reimagine our international inflight offering.

Measurable sustainability objectives, including reducing single-use plastic and weight reduction targets were set at the project's inception to focus the team's efforts on developing more sustainable serviceware. A range of sustainability factors were then considered during product evaluation. This included the impact of the raw materials used to create the serviceware and the life cycle carbon emissions produced, including added weight on our aircraft. As a result, we are on track to exceed our sustainability objectives, including removing 28 million single-use plastic items annually. While some of the changes being trialled will be obvious, such as our bagasse (a renewable plant-based agriculture by-product) economy casserole dish and cutlery made from renewable sources, other changes will be more discrete, such as lighter weight ceramics in our premium cabins. We look forward to launching these products on our flights next year. To find out more about the serviceware trials, click [here](#).

The key learnings gained from the serviceware redesign will be a valuable resource as we continue to partner with sustainable and innovative suppliers to meet our circular economy objectives.

## Project Green delivers again

Project Green, an initiative that reinjects a range of sealed and untouched products back onto flights and recycles a substantial amount of glass, continues to be a key tool to divert waste from landfill.

Since Project Green's inception in 2017, we have diverted 1,103 tonnes of reinjected product and recycled glass from landfill, the equivalent to the weight of over 26 Airbus A320 aircraft. In 2021, Project Green volumes were impacted by our reduced international network, however, 2,515,420 units (57 tonnes) of products like cookies and boxes of tea were still diverted from landfill, and 22 tonnes of glass was recycled.

Plans to return Project Green to our major domestic ports and expand it further in America were paused in 2021 due to the continuing impact of Covid-19. We look forward to expanding Project Green further when feasible.



# 04

## Sustainable tourism

While supporting the economic wellbeing of tourism has been a priority this year, our commitment to sustainable tourism remains firm.

Through our partnerships with Tourism New Zealand, Qualmark, Queenstown Resort College, the Department of Conservation, our collaboration with New Zealand Māori Tourism, and our support for Tiaki – Care for New Zealand, positioning tourism to thrive

and build back sustainably when international borders reopen is a priority for Air New Zealand.

The continuing uncertainty caused by Covid-19 has tested the New Zealand tourism industry like never before.



The closure of New Zealand’s border for international visitors until the trans-Tasman bubble opened in April 2021, only to close again in June, meant a sudden and significant loss of revenue for tourism businesses across the country.

Air New Zealand moved quickly to rebuild domestic capacity providing a critical pipeline for domestic tourism to support both businesses and communities reliant on tourism.

In partnership with Tourism New Zealand and regional tourism operators, we invested in marketing campaigns to encourage Kiwis to explore the incredible destinations and unique attractions across Aotearoa, New Zealand.



## Sharing the Tiaki Promise



As one of the founding organisations of Tiaki – Care for New Zealand, Air New Zealand participates in the Tiaki Governance Group, which over the last year developed a new strategy with an increased focus on educating New Zealanders on the Tiaki Promise.

The Tiaki Promise promotes responsible and safe travel behaviour and actively encourages (international and domestic) visitors to experience New Zealand in a way that keeps everyone safe, protects our environment, respects our culture and protects the country for future generations.

Air New Zealand has promoted the Tiaki Promise on a range of channels in 2021, including on our domestic inflight entertainment, billboards, Kia Ora magazine, and social media channels.

To advance our endeavours and further promote the Tiaki Promise, we’ve set a target of having 60 percent of New Zealanders aware of the Tiaki Promise by calendar year 2023 (from a baseline of 26 percent in June 2021)<sup>1</sup>.

<sup>1</sup> As measured by Air New Zealand’s Insights Tracker that surveys 400-500 New Zealand travellers each month.



SHOW RESPECT



PROTECT NATURE



KEEP NZ CLEAN



DRIVE CAREFULLY



BE PREPARED



## Championing sustainable tourism businesses

To celebrate the businesses contributing to Aotearoa becoming a world-class sustainable visitor destination, Tourism New Zealand and Air New Zealand support the Qualmark 100 percent Pure New Zealand Experience Awards, launched in 2019.

This year's winners were selected by a judging panel that included Air New Zealand Sustainability Advisory Panel member Dr Susanne Becken, and Air New Zealand's Head of Sustainability, Meagan Schloeffel. The 12 diverse winners were chosen for offering world-class experiences which apply sustainability best practices through looking after the people and the land.

Air New Zealand's domestic marketing campaigns have stimulated leisure demand by encouraging Kiwis to explore the country. Our retail campaigns have promoted fares to regional destinations, and we have undertaken partnership activity with Auckland Unlimited, Dunedin Airport, Destination Rotorua,

Destination Marlborough, Destination Queenstown, Nelson Airport, Northland Inc., Trust Tairāwhiti, Wellington Regional Destination Agency and Venture Taranaki.

To further champion sustainable businesses, Air New Zealand's website now features more than 360 Qualmark-awarded sustainable activities and attractions. Our aim is to increase annual growth in bookings for Qualmark-awarded operators on our website by 100 percent in 2023 from a 2021 baseline. Integral to meeting this target is our ambition to only list operators on the website that have achieved Qualmark endorsement by 31 March 2022.

## Developing tourism talent

Our partnership with Queenstown Resort College (QRC), established in 2019, has continued to strengthen this year and focuses on encouraging New Zealanders into a career in tourism.

We have shared learnings and resources with QRC, including our Mental Health and Wellbeing Strategy, promoted QRC in features in our Kia Ora magazine, and continued to support QRC staff and students to stay connected through our travel fund. Air New Zealand Chief Executive Officer Greg Foran also presented the Air New Zealand & QRC Pūmanawa Award (including a \$1,000 Air New Zealand travel voucher) at the QRC graduation in December 2020. The award recognises hard work, resilience, integrity and being yourself.

When New Zealand reopens its borders to international tourists, it's critical the tourism industry is prepared. Central to this is having a sufficient talent base as the industry rebuilds. To assist with building this talent pipeline, Air New Zealand's partnership with QRC will continue to promote the tourism industry as an exciting and sustainable sector offering a variety of career options.





## Conserving nature through our partnership with DOC

Air New Zealand's longstanding partnership with the Department of Conservation (DOC) has continued to soar this year.

In 2021, the airline relocated more than 600 threatened species, and 73 conservation dogs were flown, representing a record number of transfers since the partnership's inception. The translocation of 15 takahē to their new home on the Heaphy Track was a particular highlight.

Air New Zealand's partnership support has enabled 45,294 hectares of sustained pest control alongside six of New Zealand's

Great Walks. This includes an additional 41 new predator control traps installed on the Routeburn Track, increasing Air New Zealand funded predator control to 10,347 hectares (up from 8,300 hectares in 2020).

The Greenteam, our internal team of conservationists, has also supported the Department of Conservation with seabird counting at Kāpiti Island and tree planting in the Te Waihora wetlands in Canterbury.



## Sustainable safety showcasing domestic tourism

To inspire and support domestic tourism, Air New Zealand collaborated with Tourism New Zealand to release Aotearoa, the 8<sup>th</sup> Wonder of the World safety video in December 2020.

A Department of Conservation staff member (and former Threatened Species Ambassador) featured in the video to promote Tāne Mahuta and to acknowledge DOC's role within New Zealand destinations.

In addition, A Journey to Safety came back on board earlier this year, highlighting the need to protect our native taonga. Combined, these videos received more than 15.4 million views globally in 2021.





## Fundamental metrics table

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

Priority	Metric	2019	2020	2021
 <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	15.4%	17.0%	16.0%
	Employee engagement	71 (2018) <sup>2</sup>	N/A <sup>3</sup>	Engagement index score of 71 (September 2021) <sup>4</sup>
	Women in Airline Leadership Team (ALT)	44.0% <sup>5</sup>	51.0% <sup>6</sup>	51.0% <sup>7</sup>
	People Safety Risk Control Effectiveness (RCE) rating of substantially or fully effective <sup>8</sup>	N/A <sup>9</sup>	N/A <sup>9</sup>	84.0% <sup>10</sup>
	Environmental non-compliances	One environmental non-compliance Underground fuel tanks (at Auckland Engineering & Maintenance) failed to meet HSWA (Hazardous Substances Regulation). A compliant above ground tank was operational by the end of July 2019	Zero environmental non-compliances as at end 2020	Zero environmental non-compliances as at end 2021
	IEnvA stage 2 certification via IATA	IEnvA stage 2 certification achieved	IEnvA stage 2 certification achieved. In 2020, the scope of the certification was extended beyond Flight Operations and Corporate to include national Cargo; Maintenance Repair Organisations; Ground Services; and Auckland Airport	IEnvA stage 2 certification achieved. In 2021, the scope of the certification was extended to include all New Zealand airports along with Flight Operations and national Corporate, Maintenance Repair Organisations and Cargo operations
	Suppliers providing positive assurance of our Supplier Code of Conduct <sup>11</sup>	Suppliers representing 93.2% of our spend provided positive assurance	Suppliers representing 94.2% of our spend provided positive assurance	Suppliers representing 92.7% <sup>12</sup> of our spend provided positive assurance
	Annual volume of New Zealand exports on Air New Zealand	38,600 tonnes	35,045 <sup>13</sup> tonnes	37,600 tonnes
	Full compliance with ICAO noise standards for aircraft fleet	No notified noise breaches in 2019. Achieved full compliance with ICAO noise standards	No notified noise breaches in 2020. Achieved full compliance with ICAO noise standards	No notified noise breaches in 2021. Achieved full compliance with ICAO noise standards

**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 56.0%. We continue to encourage employees to complete this data to inform our strategies and programmes. **2** Based on Your Voice employee engagement survey conducted on a bi-annual basis using Aon Global engagement methodology. **3** Your Voice employee engagement survey cycle paused due to Covid-19. **4** 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. **5** This percentage relates to the Senior Leadership Team (SLT) which was replaced by the Airline Leadership Team (ALT) in calendar year 2020. **6** Across all employees, 57.6% identify as a man, 42.4% identify as a woman, and 0.1% identify as gender diverse. **7** 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. **8** Risk Control Effectiveness (RCE) review and verification is part of the company risk management process and is a framework being implemented to give depth to the risk declarations. The RCE scale ratings are totally ineffective, largely ineffective, partially effective, substantially effective, and fully effective. **9** In 2019 and 2020 we were developing this new rating tool and the key metrics that underlie it. **10** The remaining 16.0% of People Safety Risk Controls are rated partially effective (the minimum for compliance). **11** Based on percentage of spend. This excludes fuel, airport fees, aircraft, taxes, and labour. Where supply agreements are not in place, Air New Zealand's purchase order terms and conditions are used to apply the Supplier Code of Conduct where the supplier spend is below \$150,000. **12** 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. **13** The cancellation of Air New Zealand's Shanghai service early in calendar year 2020 due to Covid-19 in China, significantly impacted on volumes and the ability to move key perishable products to market in China, such as lobsters.



Priority	Metric	2019	2020	2021
 <p><b>Genuine climate action</b> He mahinga taiao tūturu</p>	Tonnes of CO <sub>2</sub> -e Emissions (Scope 1 and 2)	3,928,749	3,179,467	1,335,911
	Average annual reduction in carbon intensity <sup>14</sup>	2.4% increase compared to 2018	3.6% increase compared to 2019 <sup>15</sup>	31.6% increase compared to 2020 <sup>16</sup>
	Carbon Reduction Programme implemented in line with IATA audit recommendations	The Carbon Reduction Programme saved 4,780,000kg of fuel or 15,084 tCO <sub>2</sub> -e. This is comprised from the following initiatives: Acceleration altitude 574,600kg fuel (1,813 tCO <sub>2</sub> -e), Ground Power 2,637,000kg fuel (8,322 tCO <sub>2</sub> -e), Lightweight LD3 Unit Load Devices 1,219,000kg fuel (3,847 tCO <sub>2</sub> -e), RNP(AR) approaches in Christchurch 152,000kg fuel (480 tCO <sub>2</sub> -e), and 197,000kg fuel (622 tCO <sub>2</sub> -e) from on-board weight reduction	The Carbon Reduction Programme saved 3,341t of fuel or 10,557 tCO <sub>2</sub> -e. This is comprised from the following initiatives: flight path efficiencies 698t fuel (2,203 tCO <sub>2</sub> -e), Ground Power 2,372t fuel (7,495 tCO <sub>2</sub> -e), Lightweight LD3 Unit Load Devices 155t fuel (490 tCO <sub>2</sub> -e), and 116t of fuel (366 tCO <sub>2</sub> -e) from on-board weight reduction	While carbon reduction initiatives implemented in prior periods remain ongoing, the impact of Covid-19 restrictions and operational constraints have limited our ability to implement new initiatives in 2021 and our ability to accurately report savings by initiative. This remains a focus going forward
	Tonnes of carbon offset through FlyNeutral	63,971	92,339	40,749
	FlyNeutral uptake rate <sup>17</sup>	4.6%	7.1%	7.0%
	Customer funds donated to activities that accelerate the restoration, regeneration, and production of permanent native forests	N/A	N/A	Over \$350,000 <sup>18</sup>
	Reduction in electricity use	6.5% reduction compared to 2018	3.4% reduction compared to 2019	7.4% reduction compared to 2020
	Electric vehicles in light ground fleet (where feasible) <sup>19</sup>	92.0% Electric Vehicles where feasible 56.0% of full fleet are Electric Vehicles	85.0% Electric Vehicles where feasible 55.0% of full fleet are Electric Vehicles	86.0% Electric Vehicles where feasible 55.0% of full fleet are Electric Vehicles
Electric Ground Service Equipment fleet (where feasible) <sup>19</sup>	62.1%	69.0%	73.0%	
 <p><b>Driving towards a circular economy</b> Te whai i te ōhanga whai hua</p>	Diversion of waste from landfill at domestic ground sites and airports serviced by our main waste provider	N/A <sup>20</sup>	40.6%	41.3%
	Sustained pest control enabled on the Great Walks through partnership with the Department of Conservation	31,793 hectares	43,247 hectares	45,294 hectares
 <p><b>Sustainable Tourism</b> He Tāpoi Mau Roa</p>	Enabling regional connectivity through flight departures that connect Auckland/Wellington/Christchurch to regional centres	119,279	96,479	96,247

<sup>14</sup> Percentage change has been updated from the 2020 Sustainability Report to reflect updated reporting policies. <sup>15</sup> Increase in carbon intensity predominantly due to the global Rolls-Royce Trent 1000 engine issues resulting in less fuel-efficient aircraft being substituted on routes and the impact of Covid-19 on payloads, mandated social distancing requirements and network changes negatively impacting fuel efficiency. <sup>16</sup> Increase in carbon intensity largely due to New Zealand border restrictions leading to lower than usual load factors on the international network and multiple national lockdowns impacting load factors on the domestic network. <sup>17</sup> Number of bookings partially or fully offset as a percentage of all bookings through online storefronts where FlyNeutral is available. <sup>18</sup> This represents funds collected from 20 January 2021 to 30 June 2021 under the amended FlyNeutral programme. <sup>19</sup> Where feasible refers to availability of electric models for operational requirements. <sup>20</sup> Air New Zealand transitioned to a new waste provider over the course of 2019.

*AIR NEW ZEALAND* 

A STAR ALLIANCE MEMBER 

[< BACK TO CONTENTS](#)