

UNITED NATIONS GLOBAL COMPACT COMMUNICATION ON PROGRESS

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# Statement from the CEO

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Despite the pandemic grinding our business to a halt, we firmly believe climate change is the biggest crisis facing our airline. As such, Air New Zealand's resolve to take ambitious action on decarbonisation and sustainability more widely has only strengthened over the last year as we implement our strategy to build back better.

Our 2021 Sustainability Report, which accompanies this Communication on progress, contains our new Sustainability Framework and outlines the ways we are delivering on our promise of manaaki – taking care further than any other airline. In the report you can read more about our progress across four key areas:

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

Our new Sustainability Framework, containing our sustainability targets, focuses our efforts on material issues where we can have the greatest impact. The Framework will be instrumental in creating momentum to deliver on our extensive sustainability agenda. We remain committed to this path and to fulfilling our responsibility as a signatory of the United Nations Global Compact.



Greg Foran  
Chief Executive Officer

Air New Zealand

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# Demonstrating our commitment

This report serves as our communication on progress regarding Air New Zealand's implementation of the ten principles of the UN Global Compact, which we joined in 2015. The information provides specific detail on policies, procedures and practices in respect of the UNGC's principles, and should be read alongside our [2021 Sustainability Report](#), which sets out Air New Zealand's progress in relation to its Sustainability Framework. This Communication on Progress covers the timeframe 1 July 2020 to 30 June 2021.

Our commitment to the UNGC 10 principles is demonstrated in the following key policies, procedures and practices at Air New Zealand:

- Air New Zealand's [Code of Conduct and Ethics](#) sets out our commitment to the principles enshrined in the United Nations Global Compact, and the standards of behaviour we expect from our employees globally. The Air New Zealand Business Principles detailed in each section below are derived from our Code of Conduct and Ethics.
- All employees are required to abide by our Code of Conduct and Ethics, which is communicated as part of training modules before employment commences. Refresher training is provided to all employees on an annual basis. Code of Conduct and Ethics training completion is reported to the Air New Zealand Policy Management Committee and the Audit Committee.
- In 2015, we refreshed our [Supplier Code of Conduct](#), which sets out our support of the UNGC principles and minimum expectations of our suppliers, particularly around sustainability and transparency. At least 92.7 percent of our suppliers, by procurement spend<sup>1</sup>, comply with our Supplier Code of Conduct and we are working to achieve compliance from all suppliers. In 2017, the Supplier Code of Conduct was further updated to highlight Air New Zealand's ongoing commitment to observe, as a minimum, the same conduct, standards and behaviours that it expects of its suppliers when conducting business.
- We encourage all employees to raise concerns about inappropriate conduct, including potentially unethical or illegal conduct, while assuring confidentiality and protection against retaliation or any form of harassment. Employees are able to raise concerns via their manager or human resources business partner, or through an independent 'Speak Up' service (phone, email or post). Our Just Culture and Reporting policy is intended to create an environment of mutual trust which encourages employees to report issues while being clear on the distinction between acceptable and unacceptable behaviour.
- Air New Zealand's [2020 Slavery and Human Trafficking Statement](#) under the Modern Slavery Act 2015 (UK), further embeds and elaborates on Air New Zealand's commitment to the UNGC principles by ensuring that there is no modern slavery or human trafficking in our supply chain or in any part of our business.

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# Human Rights

Global Compact principle	Air New Zealand Business principle
<p><b>Principle 1:</b> Businesses should support and respect the protection of internationally proclaimed human rights; and</p>	<ul style="list-style-type: none"> <li>We will treat people fairly, with dignity and will pursue equality of opportunity and inclusion for all employees through our employment policies and practices.</li> </ul>
<p><b>Principle 2:</b> make sure that they are not complicit in human rights abuses.</p>	<ul style="list-style-type: none"> <li>We value diversity of people and thought.</li> <li>We will recruit, select and develop our people on merit – irrespective of age, race, colour, origin, gender, religious beliefs, disability, family or marital status, sexual orientation or other prohibited grounds.</li> <li>We will take into account social, ethical and environmental considerations in our procurement and supply chain decisions.</li> </ul>

- Our Code of Conduct and Ethics and Supplier Code of Conduct positions on Human Rights are supported by our Sustainability Framework (see our [2021 Sustainability Report](#)), and the following Air New Zealand Group policies (publicly available policies are linked):
  - Disciplinary Policy and Disciplinary Guidelines
  - [Equality, Diversity and Inclusion Policy](#)
  - Procurement Policy
  - Just Culture and Reporting Policy
  - Workplace Bullying: Prevention and Complaints Policy
  - Harassment and Sexual Harassment: Prevention and Complaints Policy
  - Privacy Policy and [Privacy Statement](#)
  - Transgender and Transitioning Gender Guidelines
  - Domestic Abuse Guidelines
- At the date of this COP, 8,173 of Air New Zealand's employees are based in New Zealand, with 333 further employees based in Australia, Canada, China, Cook Islands, Fiji, French Polynesia, France, Hong Kong, Japan, Korea, Samoa, Singapore, Taiwan, and United States of America.
- We take legal advice in the local jurisdictions we operate in about human rights compliance and require managers across the organisation to comply with all company policies. Employment contracts are reviewed for compliance in each local jurisdiction and we seek compliance with policy and contract through governance and management structures.
- See the Caring for New Zealanders section of our [2021 Sustainability Report](#) for discussion of our goals, implementation and outcomes relating to people safety (health, safety and wellbeing), employee engagement, diversity, equity and inclusion, and people development.
- To continue supporting Air New Zealanders through the ongoing impact of COVID-19, we have recruited and trained Peer Support volunteers in operational areas across the business as part of our Peer Support Network, supported our leaders to build competency in this space and run a number of mental health, resilience and QPR Institute suicide prevention workshops. We have also continued to deliver our other support tools and resources, including the Employee Assistance Programme, Wellbeing Check-ins, health and wellbeing livestreams, and Bullying & Harassment Contacts.
- In 2019, we received the Gender, Rainbow and Accessibility Tick accreditations, which provide independent validation that people of all genders, sexual identity and abilities respectively are accepted and valued in our workplace. We are in the process of renewing these in 2021.
- Our bullying and harassment policies and processes were updated in 2020. The new Bullying & Harassment awareness campaign and training was rolled out to employees in late 2020 with the aim of creating a culture where everyone feels safe and empowered to speak up, help minimise the likelihood of workplace bullying and harassment occurring and includes real-life examples to make it easier for people to understand. In addition, managers received training on how to lead by example, support and educate their teams including how to deal with complaints and where to seek help if they require support. Bullying & Harassment Contacts are in place and receive ongoing training to support their colleagues. There is also more clarity of the options of support available to deal with issues of bullying and/or harassment. HR and Health &

Safety systems and processes have also been updated to refine the process where a bullying or harassment claim is lodged and the confidentiality and actions following reporting.

- See the Caring for New Zealanders section of our [2021 Sustainability Report](#) for discussion of our goals, implementation and outcomes relating to supply chain and sustainable procurement.

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# Labour

Global Compact principle	Air New Zealand Business principle
<b>Principle 3:</b> Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	<ul style="list-style-type: none"> <li>We will work in good faith, within the appropriate legal framework, with trade unions and other bodies that our people collectively choose to represent them.</li> <li>We will not tolerate child labour and are committed to the elimination of all forms of forced and compulsory labour.</li> <li>We will not accept any form of discrimination, harassment or bullying.</li> <li>We will take into account social, ethical and environmental considerations in our procurement and supply chain decisions.</li> </ul>
<b>Principle 4:</b> the elimination of all forms of forced and compulsory labour;	
<b>Principle 5:</b> the effective abolition of child labour; and	
<b>Principle 6:</b> the elimination of discrimination in respect of employment and occupation.	

- Our Code of Conduct and Ethics and Supplier Code of Conduct positions on Labour are supported by our Sustainability Framework and the following Air New Zealand Group policies (publicly available policies are linked):
  - Airline Safety Policy
  - Disciplinary Policy and Disciplinary Guidelines
  - [Equality, Diversity and Inclusion Policy](#)
  - Just Culture and Reporting Policy
  - Performance Improvement Policy
  - People Health, Safety and Wellbeing Policy
  - Workplace Bullying: Prevention and Complaints Policy
  - Harassment and Sexual Harassment: Prevention and Complaints Policy
  - [Palm Oil Position Statement](#)
  - Procurement Policy
  - [Slavery and Human Trafficking Statement](#)
  - Sustainability Policy
- See the Caring for New Zealanders section of our [2021 Sustainability Report](#) for discussion of our goals, implementation and outcomes relating to people safety (health, safety and wellbeing), employee engagement, diversity, equity & inclusion, support during COVID-19, people development, supply chain and sustainable procurement.
- Air New Zealand respects and supports the role of unions in the workplace. As at the date of this COP, 73% of our employees are covered by 31 collective agreements.
- For our airline Cabin Crew, in addition to Code of Conduct and Ethics training, we provide initial and ongoing training on management of customers with disabilities and non-discrimination in this area. The guiding document in this regard is the 'We Care Disability Guide'. We also continue to run our human trafficking awareness training module and our crew training module focused on wellbeing and mental health.
- Air New Zealand's [2020 Slavery and Human Trafficking Statement](#) under the Modern Slavery Act 2015, further embeds and elaborates on Air New Zealand's commitment to the UNGC 10 principles.

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# Environment

Global Compact principle	Air New Zealand Business principle
<p><b>Principle 7:</b> Businesses should support a precautionary approach to environmental challenges;</p>	<ul style="list-style-type: none"> <li>• We will protect the health, wellbeing, safety and security of our customers, employees and the communities in which we operate.</li> </ul>
<p><b>Principle 8:</b> undertake initiatives to promote greater environmental responsibility; and</p>	<ul style="list-style-type: none"> <li>• We will operate our business with discipline and excellence to ensure sustainability, resilience and effectiveness.</li> </ul>
<p><b>Principle 9:</b> encourage the development and diffusion of environmentally friendly technologies.</p>	<ul style="list-style-type: none"> <li>• We will protect and safeguard the natural environment (our Tiaki promise), minimising our use of finite resources and the release of harmful emissions to the environment.</li> <li>• We will invest in society and communities ensuring effective use of our resources and in line with our mission.</li> <li>• We will take into account social, ethical and environmental considerations in our procurement and supply chain decisions.</li> </ul>

- Our Code of Conduct and Ethics and Supplier Code of Conduct positions on the Environment are supported by our Sustainability Framework, and the following Air New Zealand Group policies (publicly available policies are linked):
  - Sustainability Policy
  - Procurement Policy
- See the Genuine climate action, Sustainable tourism, and Driving towards a circular economy sections, and Fundamental metrics table of our [2021 Sustainability Report](#) for discussion of our goals, implementation and outcomes relating to our decarbonisation roadmap, support of biodiversity projects, and drive towards a circular economy.
- We achieved stage 2 certification with the International Air Transport Association Environmental Assessment (IEnvA) programme, which independently assesses airline environmental management. This year 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.
- Air New Zealand wants to take ambitious action on climate change with the goal of achieving net zero emissions by 2050.
- In addition to our operational activities, Air New Zealand also partners with the New Zealand Department of Conservation, providing support for biodiversity projects and translocation of threatened species and conservation dogs. Air New Zealand employees support conservation-related projects through participation in the organisation's volunteer-based Greenteam.
- See the Caring for New Zealanders section of our [2021 Sustainability Report](#) for discussion of our goals, implementation and outcomes relating to supply chain and sustainable procurement.

# Anti-Corruption

Global Compact principle	Air New Zealand Business principle
<p><b>Principle 10:</b> Businesses should work against corruption in all its forms, including extortion and bribery.</p>	<ul style="list-style-type: none"> <li>• We will comply with all applicable domestic and international laws and regulations, appropriate standards and principles, including all export control, sanctions and customs, competition, and anti-money laundering laws in the jurisdictions in which we operate.</li> <li>• We will not tolerate any form of bribery, including improper offers of payments or gifts to or from employees.</li> <li>• We will avoid any activity or contracts that may lead to, or suggest, a conflict of interest between personal activities and Air New Zealand.</li> <li>• We will take into account social, ethical and environmental considerations in our procurement and supply chain decisions.</li> </ul>

- Our Code of Conduct and Ethics and Supplier Code of Conduct positions on Anti-Corruption are supported by the following Air New Zealand Group policies (publicly available policies are linked):
  - [Anti-bribery and Corruption Policy](#)
  - [Audit Independence Policy](#)
  - Competition Law Policy
  - [Continuous Disclosure Policy](#)
  - Conflicts of Interest Policy
  - Gifts and Entertainment Policy
  - Sponsorships and Donations Policy
  - Procurement Policy
  - [Securities Trading Policy](#)
- See the Caring for New Zealanders section of our [2021 Sustainability Report](#) for discussion of our goals, implementation and outcomes relating to supply chain and sustainable procurement.
- We review corruption risk as part of our due diligence on new flight routes.
- We provide training on competition law for employees and specific groups who work in an environment where they may interact with competitors to ensure that they understand and are able to recognise behaviours that may have an anti-competitive purpose.