

UNITED NATIONS GLOBAL COMPACT COMMUNICATION ON PROGRESS

Statement from the CEO

We stand at a pivotal moment in time with a groundswell of sustainability awareness demanding that business, governments and communities together do more to play their part in responding to the climate crisis and other critical sustainability challenges.

Our 2019 Sustainability Report, which accompanies this Communication on Progress, outlines the ways we are supporting our company purpose to **supercharge New Zealand's success – socially, environmentally and economically**. In the report you can read more about our progress across five key areas:

- Our People
- Tackling climate change & carbon
- Supporting New Zealand through sustainable tourism
- Working with our suppliers
- Reducing waste and plastics

This year the Air New Zealand Executive identified '*Sustainability in the Bloodstream*' as a long-term organisation-wide strategic pillar. We believe this will help us accelerate progress towards our sustainability goals. We remain committed to this path and to fulfilling our responsibility as a signatory of the United Nations Global Compact.



Jeff McDowall
Acting Chief Executive Officer
Air New Zealand

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 2019 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 2018 – 30 June 2019.

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

- Air New Zealand's **Code of Conduct** 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.
- All employees are required to abide by our Code of Conduct, 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 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 93 percent of our suppliers, by procurement spend¹, comply with our Supplier Code of Conduct and we are working to achieve compliance from all suppliers (excluding fuel and labour) by 2020. In 2017 the Supplier Code of Conduct was 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 2018 **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>Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and</p>	<ul style="list-style-type: none"> • We will treat people fairly, with dignity and will pursue equality of opportunity and inclusion for all employees through our employment policies and practices. We value diversity of people and thought.
<p>Principle 2: make sure that they are not complicit in human rights abuses.</p>	<ul style="list-style-type: none"> • 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. • We will take into account social, ethical and environmental considerations in our procurement and supply chain decisions.

- Our Code of Conduct and Supplier Code of Conduct positions on Human Rights are supported by our Sustainability Framework (see our [2019 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 and Harassment Policy and the Workplace Bullying and Harassment Group Guidelines
 - Transgender and Transitioning Gender guidelines
 - Domestic Abuse guidelines
- At the date of this COP, 11,832 of Air New Zealand’s employees are based in New Zealand, with 708 further employees based in Argentina, Australia, Canada, China, Cook Islands, Fiji, French Polynesia, France, Great Britain, Hong Kong, Japan, Samoa, Singapore, Taiwan, Tonga, 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 Air New Zealanders section of our [2019 Sustainability Report](#) for discussion of our goals, implementation and outcomes relating to people safety (health, safety and wellbeing), employee engagement, diversity and inclusion, people development, and the future of work and lifelong learning.
- In the last year, we have 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.
- A Bullying and Harassment awareness campaign and training was rolled out to employees last year. Bullying and Harassment representatives are in place and receive ongoing training. HR systems and processes have also been subject to review and update to refine the process where a bullying or harassment claim is lodged and the confidentiality and actions following reporting.
- See the Working with our Suppliers section of our [2019 Sustainability Report](#) for discussion of our goals, implementation and outcomes relating to sustainable procurement.

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Labour

Global Compact principle	Air New Zealand Business principle
Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	<ul style="list-style-type: none"> 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.
Principle 4: the elimination of all forms of forced and compulsory labour;	<ul style="list-style-type: none"> We will not tolerate child labour and are committed to the elimination of all forms of forced and compulsory labour.
Principle 5: the effective abolition of child labour; and	<ul style="list-style-type: none"> We will not accept any form of discrimination, harassment or bullying.
Principle 6: the elimination of discrimination in respect of employment and occupation.	<ul style="list-style-type: none"> We will take into account social, ethical and environmental considerations in our procurement and supply chain decisions.

- Our Code of Conduct and Supplier Code of Conduct positions on Human Rights are supported by our Sustainability Framework and the following Air New Zealand Group policies (publicly available policies are linked):
 - Airline Fatigue Risk Management Policy
 - Airline Safety Policy
 - Disciplinary Policy and Disciplinary Guidelines
 - [Equality, Diversity and Inclusion Policy](#)
 - Just Culture and Reporting Policy
 - Performance Improvement Policy
 - People Health and Safety Policy
 - Workplace Bullying and Harassment Policy and the Workplace Bullying and Harassment Group Guidelines
 - [Palm Oil Position Statement](#)
 - Procurement Policy
 - [Slavery and Human Trafficking Statement](#)
 - Sustainability Policy

- See the Air New Zealanders section of our [2019 Sustainability Report](#) for discussion of our goals, implementation and outcomes relating to people safety (health, safety and wellbeing), employee engagement, diversity and inclusion, people development, and the future of work and lifelong learning.
- See the Working with our Suppliers section of our [2019 Sustainability Report](#) for discussion of our goals, implementation and outcomes relating to sustainable procurement.
- Air New Zealand respects and supports the role of unions in the workplace. 73% of our employees are covered by 34 collective agreements.

For our airline Cabin Crew, in addition to Code of Conduct 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 recently introduced a human trafficking awareness training module, and crew have completed a training module focused on wellbeing and mental health.
- Air New Zealand's 2018 [Slavery and Human Trafficking Statement](#) under the Modern Slavery Act 2015, further embeds and elaborates on Air New Zealand's commitment to the UNGC ten principles.

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Environment

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

- Our Code of Conduct 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 Tackling climate change & carbon and Reducing waste & plastic sections of our [2019 Sustainability Report](#) for discussion of our goals, implementation and outcomes relating to our aviation carbon reduction approach, low carbon stationary energy, low carbon ground transport, waste management, and property and infrastructure.

- We achieved stage 2 certification with the International Air Transport Association Environmental Assessment (IEnvA) programme, which independently assesses airline environmental management. During the reporting year, we identified one environmental non-compliance. This will be resolved by the end of 2019.
- In addition to our operational activities, Air New Zealand also partners with the New Zealand Department of Conservation, providing support for biodiversity projects and marine reserves. Several hundred Air New Zealand staff support conservation-related projects every year, through participation in the company Greenteam.
- See the Working with our Suppliers section of our [2019 Sustainability Report](#) for discussion of our goals, implementation and outcomes relating to sustainable procurement.

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Anti-Corruption

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

- Our Code of Conduct 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](#)
 - [Procurement Policy](#)
 - [Securities Trading Policy](#)
- See the Working with our Suppliers section of our [2019 Sustainability Report](#) for discussion of our goals, implementation and outcomes relating to 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 anticompetitive purpose.