A STAR ALLIANCE MEMBER

AIR NEW ZEALAND

*The new uniform prints have been designed to tell a story around the heritage and culture of Aotearoa, curated to reflect Air New Zealand and its people.*

## *Kōwhai o te rangi*

**The kōwhai tree blooms as a living symbol of renewal, resilience and the first light of creation.**

Woven into the pattern, the koru represents new beginnings and the mangōpare signifies strength.

# Climate Statement 2025

# Contents



This is Air New Zealand's second Climate Statement under the *Aotearoa New Zealand Climate Standards* (NZ CS), structured around the four mandatory sections of NZ CS 1. Prior to NZ CS, Air New Zealand voluntarily reported against the *Task Force on Climate-Related Financial Disclosures* (TCFD) for several years. For readability, the order of the disclosures in the Strategy section of this Statement differs from the order in NZ CS 1.

# About this Climate Statement

## 1.1 Reporting entity

This Climate Statement is for the parent company Air New Zealand Limited (the Parent) and its subsidiaries (together referred to as 'Air New Zealand', 'the Group', or 'the airline') for the year ended 30 June 2025. The Parent is a Climate Reporting Entity under the Financial Markets Conduct Act 2013.

The scope of the reporting entity aligns with that used for the Group's 2025 Consolidated Financial Statements.

## 1.2 Compliance statement and statement regarding adoption provisions

In the 2025 financial year, the airline has applied the following adoption provisions outlined in NZ CS 2:

- **Adoption provision 2 - Anticipated financial impacts:** Exempts an entity from disclosing the anticipated financial impacts of climate-related risks and opportunities, from explaining why such disclosures cannot be made (if applicable), and from describing the expected time horizons of those financial impacts (if applicable);
- **Adoption provision 6 - Comparatives for metrics (except where indicated):** Permits an entity, in its second year of reporting, to provide only one year of comparative information for each disclosed metric; and
- **Adoption provision 7 - Analysis of trends (except where indicated):** Exempts an entity, in its second year of reporting, from the requirement to disclose an analysis of trends in metrics across reporting periods.

With those adoption provisions applied, this Climate Statement complies with the NZ CS.

## 1.3 Forward-looking statements and the uncertainty inherent in climate change

Climate change presents ongoing challenges with significant uncertainty, especially over the long-term. Descriptions of impacts of climate change and low-carbon transitions involve estimates and projections that may differ from actual outcomes. Various economic, technological, climatic, legal, governmental, market, operational and other factors could cause actual results or performance or achievement of climate-related metrics, including guidance or targets, to differ materially. These are largely outside the Group's control. Risks may be more significant, and any opportunities or strategies to achieve its climate-related metrics may be less significant, than currently expected.

The Climate Statement includes disclosures based on evolving assessments, incomplete data, opinions and assumptions and reflects current strategies and information. Air New Zealand does not guarantee that any statements, strategies, assumptions or opinions will remain unchanged or commit to updating them unless legally required. Air New Zealand makes no assurance about future performance or achievement of climate-related metrics, including guidance or targets. Forward-looking statements (identified by terms like "may", "should", "will", or "plan") involve assumptions and projections about operations, market conditions, and strategies, which are inherently uncertain and subject to contingencies outside the Group's control. Accordingly, undue reliance on any forward-looking statements is strongly cautioned against.

To the extent permitted by law, the Group disclaims all liability for any loss from use or reliance on this Climate Statement. Nothing in this Climate Statement should be interpreted as capital growth or earnings guidance, or as any legal, financial, tax or other advice or forecast.

## 1.4 Materiality

The Group has followed the guidance set out in NZ CS 3 in relation to the application of materiality. Information is considered material where 'omitting, misstating or obscuring it could reasonably be expected to influence decisions that primary users make on the basis of an entity's climate-related disclosures'. The primary users of this report are expected to be potential and existing investors, lenders and insurers, and other creditors.

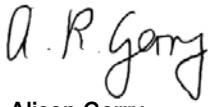
To help with understanding the terminology used throughout this Climate Statement, a glossary of key terms is included in section 7.2 Appendix B: Glossary. All financial values in this report are presented in NZD, unless otherwise stated.

## 1.5 Enquiries

If you have any questions or comments regarding this Climate Statement, please contact investor@airnz.co.nz.

This Climate Statement was approved by the Board of Directors of Air New Zealand (the Board) on 28 August 2025.

**Dame Therese Walsh**
Chair



**Alison Gerry**
Director and Chair of the Audit & Risk Committee

For and on behalf of the Board.

# Governance

## 2.1 Oversight by the Board of Directors

This section describes the governance of climate-related risks and opportunities at Air New Zealand.

### Governance body

Air New Zealand's Board has overall responsibility for the airline's strategic direction and oversight of climate-related risks and opportunities.

The Board-approved strategy, Kia Mau, provides the strategic framework for the airline and incorporates sustainability and climate-related matters.

The Board's Audit & Risk Committee (ARC) supports this oversight by monitoring internal and external audit functions, financial reporting, and compliance and risk management practices, including climate-related disclosures.

### Governance process and frequency

The Board receives climate-related information through three primary ways: periodic reporting updates, standalone approval requests and information updates from Management, and strategy sessions.

In the 2025 financial year, the Board received the following periodic reporting updates:

- **Twice-yearly** compliance updates on domestic and international emissions obligations from the Sustainability and Corporate Finance teams;
- **Twice-yearly** reporting on the airline's progress against its Transition Plan;
- **Annual** reporting on the airline's top strategic risks, including climate change as a top risk, from the Enterprise Risk team (in addition to the annual ARC review and update to the Board);
- **Annual** review and approval of the airline's Sustainability Update, Greenhouse Gas (GHG) Emissions Inventory Report and Climate Statement;
- **Monthly** tracking of the sustainability-related component of the annual Short-Term Incentive (STI) scheme, delivered by the Chief Financial Officer (CFO); and
- **Regular** updates in the period leading up to year-end reporting on the Climate Statement process and content from the management-level Climate-Related Disclosures (CRD) Steering Committee.

In addition to periodic reporting, the Board considers standalone climate-related approvals and updates at Board meetings and / or strategy sessions. In the 2025 financial year, the Board approved the updated Sustainability Framework and the 2030 Emissions Guidance (see section 5.3 Targets used to manage climate-related risks and opportunities).

The Board also considers the sustainability, including climate-related, impacts of proposals it reviews, where relevant, and balances them with other considerations when making approval decisions.

### Board skills and competencies

The Board ensures that appropriate climate-related skills and competencies are available to provide oversight of climate-related risks and opportunities through:

**Board appointments:** Balanced and complementary skillsets and experience is a key focus for Board appointments. This includes consideration of climate-related skills and competencies.

**Training:** From time-to-time, directors may participate in training on climate-related topics. Although no standalone Board training was provided by Air New Zealand in the 2025 financial year, some directors undertook formal climate-related training independently or through their other directorships. All directors are members of Chapter Zero New Zealand, whose mission is to educate and equip directors and boards to make climate-smart governance decisions.

**Management delegations:** Responsibility for implementing the airline's strategy and for managing day-to-day operations is delegated to the Chief Executive Officer (CEO) and, through that role, the Executive team, which includes the Chief Sustainability and Corporate Affairs Officer (CSCAO). These delegations cover responsibility for delivering the airline's sustainability strategy, securing appropriate resourcing and keeping the Board updated. This includes appointing people with climate-related expertise into relevant positions and making the Sustainability team's expertise available across the business as required (see section 2.2 The role of Management).

**External experts:** Air New Zealand engages external expertise to supplement internal capability where necessary. This currently includes the Sustainability Advisory Panel, a group of external experts providing independent advice to Air New Zealand that includes, amongst other functions, contributing to the development of the airline's Transition Plan and ensuring that the airline is not overclaiming the merits and value of its own initiatives. In the 2025 financial year, the panel met with the Board Chair (together with the CEO and CSCAO) on the 2030 Emissions Guidance and conducted separate sessions with the Sustainability team. Details about the panel are available on Air New Zealand's website. The panel's role and composition may evolve in response to the airline's dynamic operating environment.

# Governance (continued)

**External governance roles:** The following directors hold external governance roles that provide ongoing exposure to current sustainability and climate-related developments:

- Dame Therese Walsh - Chair of the Nominating Committee for He Pou a Rangi, the New Zealand Climate Change Commission (NZ CCC), and former Chair of the Chapter Zero New Zealand Steering Committee (until March 2025); and
- Laurissa Cooney - Member of the Chapter Zero New Zealand Steering Committee and Co-Chair of The Aotearoa Circle.

## Integration of climate change into Air New Zealand's Kia Mau strategy

Sustainability is one of four enablers under the Kia Mau strategy, which was reaffirmed by the Board in the 2025 financial year. Management and the Board oversee implementation of that strategy and review progress.

In the 2025 financial year, an updated Sustainability Framework was approved that outlines Air New Zealand's sustainability priorities to help deliver the Kia Mau strategy (refer to page 24 of the Annual Report). It includes the airline's commitment to work towards net zero carbon emissions by 2050. See sections 4.5 Transition Plan and 5.3 Targets used to manage climate-related risks and opportunities for more information.

On an annual basis, the Board reviews the airline's five-year financial plan and formally approves its budget, both of which include consideration of climate-related risks and opportunities.

## Setting, monitoring, and overseeing climate-related metrics and targets

The Board sets climate-related metrics and targets, informed by advice from Management. In the 2025 financial year, the Board endorsed the airline's new 2030 Emissions Guidance. Progress against both the 2050 Target and 2030 Emissions Guidance is monitored through twice-yearly Transition Plan updates, and as otherwise required. A range of climate metrics are reported to the Board as part of the CFO's monthly update. See Remuneration in section 5.1 Metrics relevant to all entities for incorporation of climate-related performance measures into the airline's remuneration policies.

# Governance (continued)

## 2.2 The role of Management

### Management-level responsibilities

Management is responsible for identifying and managing Air New Zealand's climate-related risks and opportunities, with responsibilities distributed across senior leaders, forums and specialist teams. This is shown in the Organisational Structure to the right.

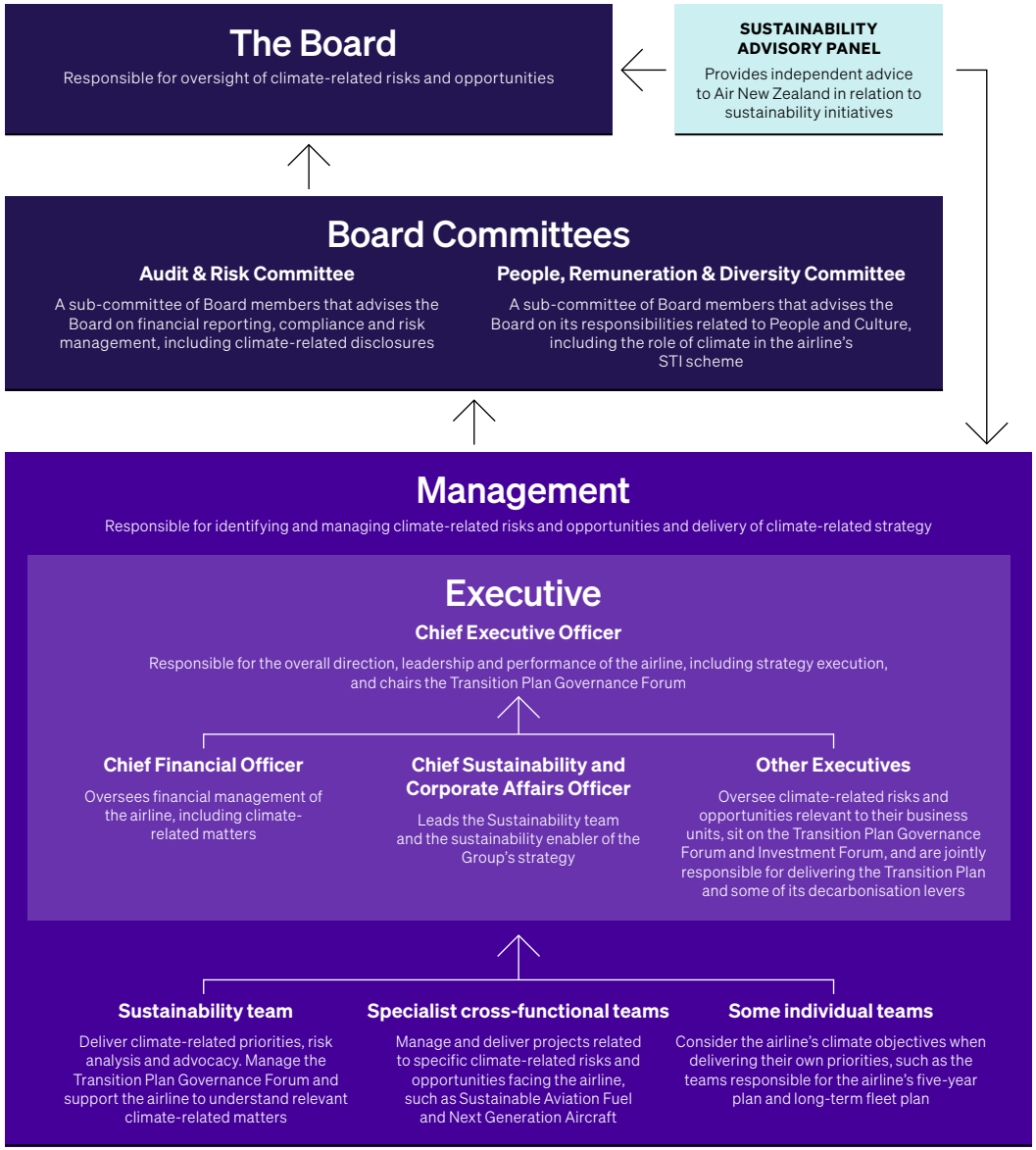
The Executive team is responsible for delivery of the Transition Plan, with each Executive overseeing climate-related risks and opportunities relevant to their business units. The Transition Plan is governed by the quarterly Transition Plan Governance Forum, chaired by the CEO and comprising the Executive team and other relevant senior leaders, and facilitated by the Sustainability team.

The CSCAO leads the Sustainability team, which provides expertise and advice to the airline about climate-related matters. The CSCAO reports to the CEO and leads the sustainability enabler of the Group's strategy. The Sustainability team delivers top-down physical and transition risk analysis, climate-related advocacy, and leads key climate priorities. It also supports business units to understand the sustainability, including climate-related, impacts of proposals considered in the airline's investment and operational decision-making processes.

Senior leaders across the business oversee climate-related risks and opportunities relevant to their business units through business unit risk registers.

Specialist cross-functional teams focus on specific climate-related risks and opportunities facing the business. These include teams that support Sustainable Aviation Fuel (SAF) procurement and operational efficiencies. The teams responsible for the airline's five-year financial plan and long-term fleet plan also consider the airline's climate objectives when developing these plans. Members of the Sustainability team work with these teams to provide advice and support as required.

The frequency with which Management engages with the governance body is described in section 2.1 Oversight by the Board of Directors.



# Governance (continued)


## Process and frequency of climate-related updates to Management

Climate-related updates are regularly communicated to members of the Executive team and senior management through various internal channels (see Table 1 below).

Table 1: Regular communication channels to the Executive team and senior management

| Channel | Frequency | Stakeholders | Purpose |
|---|---|---|---|
| **Transition Plan Governance Forum** | Quarterly | Executive team | Monitor planning and delivery of the Transition Plan. |
| **CRD Steering Committee** | Monthly (Dec to Aug) | CFO, CSCAO, the General Counsel & Company Secretary and senior leaders from the Legal, Finance and Sustainability teams | Provide guidance and oversight in the development of the Climate Statement and underlying analysis. |
| **Quarterly Business Review** | Quarterly | Executive team | Review progress against the Kia Mau strategy (including the Sustainability enabler and climate-related metrics) and agree priorities for the next quarter. |
| **Investment Forum** | Monthly | Executive team | Consider significant investment proposals, which must, where relevant, include an assessment of potential climate-related impacts. |
| **SAF Review** | Monthly (from June 2025) | Leads of teams involved in the SAF programme | Update on SAF-related work such as supply, customer value initiatives and enablers. Review any proposed SAF supply agreements for feedback prior to progressing to the Fuel Steering Committee. |
| **Fuel Steering Committee** | Quarterly | CFO, CSCAO, Chief Safety & Risk Officer (CSRO) | Evaluate and decide if any proposed SAF agreements are ready to progress to the CEO and / or Board. |
| **CSCAO update** | Weekly | Executive team | Update on sustainability (including climate-related) matters, where relevant. |

# Risk Management

## 3.1 Processes for identifying, assessing, managing and prioritising climate-related risks

Climate-related risks are identified and assessed through dedicated climate-risk analysis projects led by the Sustainability team, and these serve as inputs to the airline's wider enterprise risk management process, facilitated by the Enterprise Risk team.

The climate-risk analysis projects conducted in the 2024 financial year as part of the scenario analysis (see section 4.1 Scenario analysis), included climate-related risk workshops with subject matter experts across the business as well as transition risk analysis and a physical risk analysis. The physical risk analysis is described further in section 4.1 Scenario analysis ('Method and time horizons' on page 15). A review and analysis of the airline's climate-related risks was undertaken in the 2025 financial year, while the location-specific physical risk analysis from the 2024 financial year remains relevant. The airline's physical risk analysis may be updated as new data, methodologies, or scientific understanding emerges. Any potentially material current impacts of physical climate-related risks are addressed in section 4.3 Current impacts and anticipated impacts of climate-related risks.

Climate-related risks are incorporated and managed through the airline's standard enterprise risk management process. In this process:

- Senior business leaders identify significant risks throughout the year, at least twice-yearly, and capture or update these risks on the relevant Business Unit Risk Registers (the Risk Registers). The climate-related risks identified through the processes described above are incorporated into the Sustainability Risk Register and / or other Risk Registers, as appropriate;
- The Enterprise Risk team reviews the risks on the Risk Registers and elevates the most material risks to the relevant Divisional Risk Profile;
- Each Executive team member reviews their Divisional Risk Profile at least twice-yearly;
- The Enterprise Risk team synthesises the most material outcomes from the Divisional Risk Profiles, including input from subject matter experts and research into industry trends and emerging risks, into draft updates to the Group Risk Profile (GRP). The GRP contains an assessment of each strategic risk, any changes to this assessment, the inherent outlook of each risk and the Risk Owner. Judgement from business leaders is required when prioritising climate-related risks alongside other risks in Divisional Risk Profiles and the GRP;
- The Executive team members review and validate the risks that they own in the draft GRP;
- The CSRO and the CFO twice-yearly (and annually by the CEO) review and approve the GRP for submission to the ARC and the Board; and
- The Board and ARC (once each per financial year) review the GRP.

All climate-related physical and transition risks identified on Risk Registers and Divisional Risk Profiles are consolidated into a 'climate change' risk in the GRP. This risk in the GRP is currently rated 'Very High', and is one of the highest rated risks on the GRP. The Executive team as a whole is the owner of climate change risk, reflecting collective accountability for managing and monitoring this risk.

## 3.2 Tools and time frames

Several risk identification, assessment, and management tools are used by senior leaders to guide their qualitative assessment of risks in each step outlined above. These tools, which collectively make up the airline's Enterprise Risk Management Framework, include the Group Risk Matrix, Risk Control Effectiveness (RCE) Scale, and Risk Appetite Statements.

The Group Risk Matrix is used to assess the likelihood and severity of potential risks. However, the Group Risk Matrix does not accommodate the temporal and chronic nature of climate-related risks as its time frames (from one month to ten years) differ from the time frames used for the dedicated climate risk analysis. These time frames are short- (0-5 years), medium- (5-18 years) and long-term (18+ years), as described in section 4.1 Scenario analysis. Accordingly, judgement from business leaders is required when comparing the time frames over which climate-related risks might occur and when considering other risks.

The RCE Scale guides the assessment of the effectiveness of existing key controls and mitigations for identified risks.

Risk Appetite Statements provide guidance to employees about how much risk or opportunity, as identified in the GRP, the business is willing to accept or target, respectively, in the pursuit of its strategy.

# Risk Management (continued)

## 3.3 Value chain

Parts of Air New Zealand's value chain are included in risk management processes to the extent that business leaders deem them relevant. All critical functions and business units are included within the scope of the Enterprise Risk Management Framework and leaders consider their specific operating context when assessing their key risks. This includes consideration of their key activities and processes, systems, people, and relationships with stakeholders, including business partners and suppliers.

The airline conducted a value chain mapping exercise as part of the scenario analysis process in the 2025 financial year and believes that relevant aspects of its value chain have been considered when identifying, assessing, and managing climate-related risks.

The climate-related physical risk analysis conducted in the 2024 financial year included consideration of airports within the airline's network. No additional airports were added to the network in the 2025 financial year. The internal climate-related risk workshops conducted in the 2025 financial year included consideration of fuel suppliers, aircraft manufacturers, customers and broader network considerations.

# Strategy

## 4.1 Scenario analysis

This section outlines the goals of Air New Zealand's scenario analysis, explains the process and governance of the analysis, describes the scenario narratives used, and outlines the methods and time frames adopted. The airline has updated its scenario analysis in the 2025 financial year to align with emerging guidance from New Zealand's Financial Markets Authority (FMA) and External Reporting Board (XRB), as well as to reflect external developments relevant to Air New Zealand. Air New Zealand will periodically refresh its scenario analysis depending on sector developments, or as new information (for example, updated climate science), feedback or insights emerge.

More detail about the scenario sources and assumptions is available in section 7.1 Appendix A: Details of scenario analysis.

Climate scenarios are not forecasts or probabilistic; they are illustrative and designed to highlight the potential risks, opportunities, and dynamics that may play out in different future states of the world. The process is theoretical and involves significant uncertainty. While scenario analysis is helpful for identifying climate-related risks and opportunities and testing the resilience of the airline's strategy, it does not provide an indication of probable or desired outcomes.

### Goals of scenario analysis

Air New Zealand developed a set of goals and principles to guide its scenario analysis. The goals were to:

- Review the risks identified in the 2024 financial year and reported in the 2024 Climate Statement;
- Determine if any climate-related risks are no longer material, or if new risks have arisen;
- Determine whether any material opportunities have arisen in the 2025 financial year;
- Test the resilience of the airline's strategy; and
- Meet its obligations under the NZ CS.

To meet these goals, the airline sought to meet these principles:

- To select plausible, coherent and internally consistent scenarios;
- To ensure scenarios were sufficiently challenging and differentiated to produce insights on a breadth of plausible futures; and
- To adopt at least three scenarios, including one 1.5°C aligned, one >3°C and at least one other.

### Process and governance

Air New Zealand's scenario analysis in the 2025 financial year was an update to the process undertaken in the previous financial year and consisted of the following six steps:

1. Reconvene the CRD Steering Committee;
2. Reconfirm the goals for the analysis;
3. Identify critical uncertainties facing Air New Zealand;
4. Determine scenarios, informed by critical uncertainties and internal subject matter expertise;
5. Test whether the transition and physical risks identified in the 2024 financial year are still appropriate; and
6. Assess the resilience of the airline's strategy against those risks.

The scenario analysis was a standalone process but its outputs have been used as inputs to the airline's assessment of climate-related risks and opportunities in its usual Enterprise Risk Management process, described in section 3. Risk Management.

The CRD Steering Committee was the primary governance mechanism for the scenario analysis and it oversaw steps two through six. A working team facilitated the overall process, conducted the analysis and initial assessment of the airline's resilience. This included external consulting support from PwC New Zealand. This process included input and oversight from the Board and Executive team, including approval of the scenarios for analysis.

# Strategy (continued)

## Summary and comparison of Air New Zealand's four scenarios

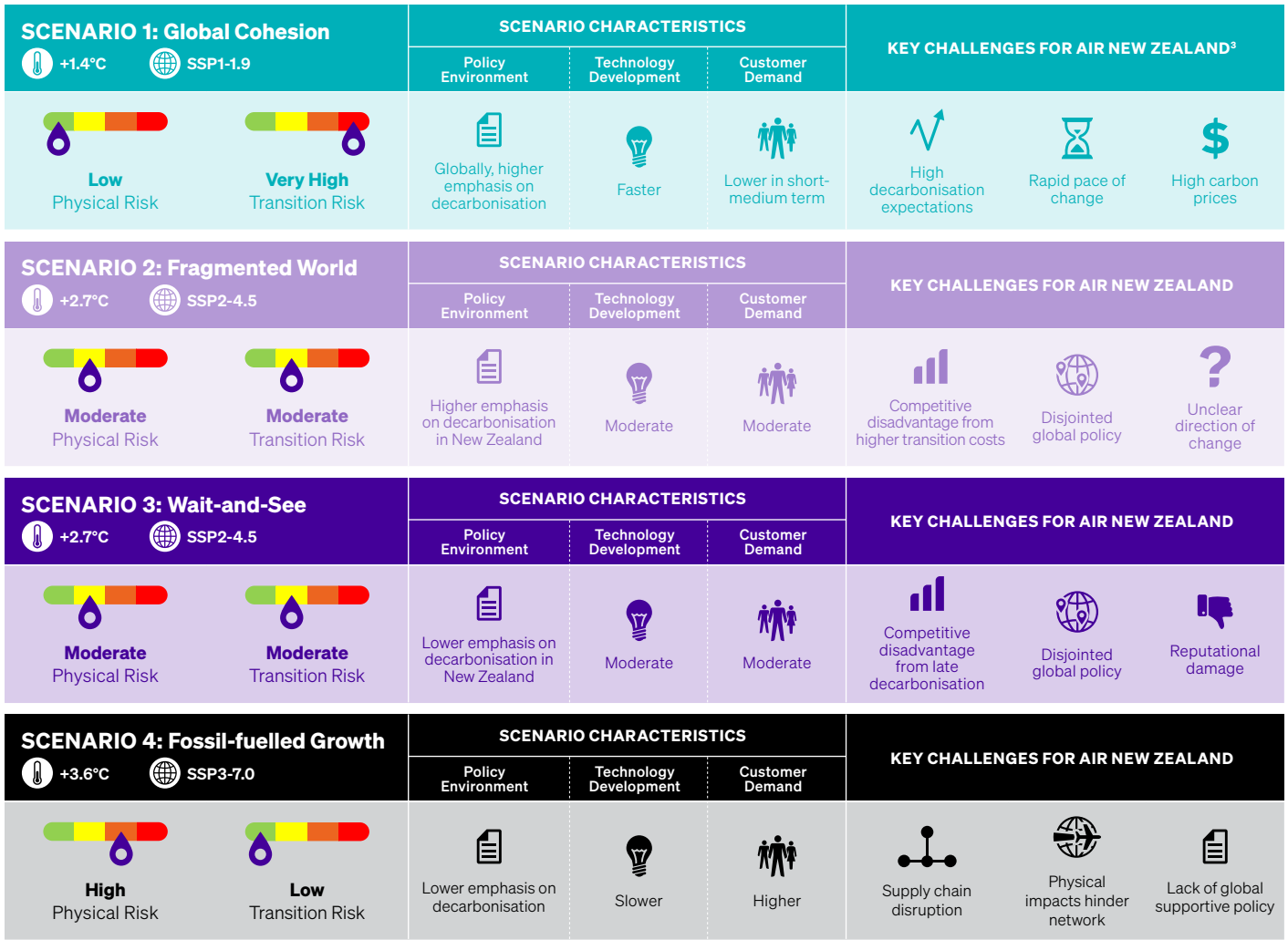
### Development and description of scenarios

For the 2025 financial year, Air New Zealand used four scenarios for its scenario analysis - an increase from three in the previous year. This enabled more detailed consideration of the potential impact of New Zealand climate policy, which is treated as a key differentiating factor in two of the scenarios (Fragmented World and Wait-and-See).

Like last year, the starting point for each scenario is one of the Intergovernmental Panel on Climate Change's (IPCC's) Shared Socioeconomic Pathways (SSPs), which describe plausible future socio-economic conditions. These SSPs are combined with Representative Concentration Pathways (RCP), which indicate associated GHG emissions and resultant warming trajectories through to 2100[1].

Additional narrative detail has been developed for each Air New Zealand scenario with reference to global climate and socio-economic pathways, global energy pathways, New Zealand-specific impacts, and aviation-specific developments. A summary of the scenario characteristics and challenges is provided in the illustration to the right[2] and in the description of each scenario on the following pages. Further detail can be found in section 7.1 Appendix A: Details of scenario analysis.

It should be noted that there is some degree of physical impact across all scenarios. For example, the physical impacts that occur before 2050 are similar in the 1.5°C-aligned scenario (Global Cohesion) and the high emissions scenario (Fossil-Fuelled Growth) because much of the warming in the period to 2050 will be driven by emissions that have already occurred.




1. The SSP-RCP pairs are a set of illustrative emissions scenarios developed in the IPCC's 6th Assessment Report. Refer to IPCC AR6 Working Group 1, Chapter 4: 'Future Global Climate: Scenario-based Projections and Near-term Information'
2. The illustration above is a simplified and indicative view of the risk levels in each scenario, and is not representative of a quantitative assessment of each scenario. The extent to which either physical or transition risks materialise is time-dependent.
3. The key challenges are non-exhaustive and illustrate selected strategic pressures Air New Zealand could face under the conditions assumed in each scenario. Users should refer to the scenario summaries for a more detailed overview of each scenario and sections 4.2 and 4.3 for Air New Zealand's disclosure of material climate-related risks.

# Strategy (continued)

**SCENARIO 1:**
## Global Cohesion

TEMPERATURE **1.4°C**

SSP **SSP1-1.9**

The airline's first climate scenario is aligned to SSP1-1.9 and is consistent with 1.4°C of global warming by 2100[4], relative to a pre-industrial average (1850-1900)[5].

In this scenario, international trends in technology, policy and regulation move rapidly and in sync, and decarbonisation is achieved through embracing more sustainable technology solutions, including SAF and Next Generation Aircraft (NGA). A highly cooperative global order aligns international policy priorities.

New Zealand decarbonises in line with a 1.5°C trajectory, with strict policy measures such as demand-side regulation (which could lead to high carbon prices) and supply side regulation (for example, SAF policy support) incentivising meaningful decarbonisation initiatives. These policy measures create high costs for businesses that are slow to decarbonise.

| | |
|---|---|
| POLITICAL AND REGULATORY | In the short- to medium-term, the world shifts to a highly cooperative global order. All major national governments reach broad agreement on the necessity of decarbonising and take concrete actions to do so. New Zealand and other countries implement ambitious climate policy. |
| SOCIAL | In the face of rising climatic impacts, public sentiment shifts globally to support more ambitious action to decarbonise. Pressure on governments and businesses to take leading roles in the transition grows. Customers reward those organisations that actively decarbonise and avoid those that don't. Voluntarily adopting lower-emissions lifestyles, including avoiding flying or flying less, becomes more common for some parts of society. |
| TECHNOLOGICAL | Widespread ambition to decarbonise and rising carbon prices translate to increased investment in low-emissions technology. The rapid pace of change makes picking eventual winners challenging and some new technology quickly becomes outdated. |
| ENVIRONMENTAL | New Zealand sees warmer, but largely manageable, temperatures, and more frequent and severe droughts and storms. Conditions are more variable than present, but by mid-century most changes are levelling off, apart from still-rising sea levels threatening Pacific Islands and other low-lying areas. |
| ECONOMIC | Increases in capital investment and government spending to accelerate the transition, and rising carbon prices, drive inflation in the short- to medium-term. Green finance is readily available from public and private investors, and meeting sustainability criteria becomes increasingly necessary to access finance. |

**Key challenges for Air New Zealand:**

- Stricter regulations and rapidly rising carbon prices;
- Rapid pace of change as competitors are also decarbonising quickly, including non-aviation transport;
- Higher expectations from customers and investors to decarbonise rapidly; and
- Lower demand as prices increase and customers adopt lower emissions lifestyles and / or business activities to meet emissions targets, particularly in the short- and medium-term.

4. Temperature rises indicated in 2100 throughout this report refer to the best estimate global mean surface temperature rise in the period 2081-2100.
5. Air New Zealand acknowledges that 2024 was the first year that the 1.5°C threshold was passed on a yearly basis. However, as the 1.5°C target refers to the surpassing of this threshold on a decadal (20 year) average basis, it remains possible (but unlikely) that the temperature outcome in the Global Cohesion scenario is limited to 1.5°C, particularly with rapid emissions reductions through large-scale carbon removal.

# Strategy (continued)

**SCENARIO 2:**
## Fragmented World

TEMPERATURE **2.7°C**

SSP **SSP2-4.5**

The airline's second climate scenario is aligned to SSP2-4.5 and is consistent with 2.7°C of global warming by 2100, relative to a pre-industrial average (1850-1900).

In this scenario, concern around climate change is translated into ambitious policy in some countries, with others lagging. Global emissions remain largely flat until around 2040, when they begin to decline. By 2100, global warming reaches ~2.7°C. Net zero emissions are not achieved in this century. A heterogeneous landscape of international policies results in inconsistent carbon prices, strongly varying SAF uplift requirements and availability, and unclear direction of technological development for NGA.

New Zealand is amongst the frontrunners of nations adopting ambitious policies to decarbonise. This enables it to attract investment to decarbonise on favourable terms, shape regional policy frameworks, and retain widespread market access for its goods and services. In this scenario, New Zealand's action to decarbonise enhances the country's appeal as a tourism destination for those seeking a 'clean, green' travel experience.

| | |
|---|---|
| POLITICAL AND REGULATORY | While some countries are resistant to change and split into political blocs, a significant number of countries, including New Zealand, are aligned on policy direction to decarbonise. New Zealand implements strong climate policy, pulling multiple levers to achieve ambitious decarbonisation goals. |
| SOCIAL | International public concern about climate impacts begins to drive action. As low-emissions technologies become more widely deployed, pressure from the public and investors mounts on organisations to keep pace. New Zealanders take a leading role in progress towards decarbonisation, and high-emitting domestic corporations, including airlines, come under significant pressure to decarbonise. |
| TECHNOLOGICAL | No significant technological developments are realised in the short-term. Globally, renewables continue to account for energy growth but do not begin to offer a meaningful replacement to fossil fuels until around 2040. |
| ENVIRONMENTAL | Acute weather events gradually become more intense and/or frequent. Sea levels continue to rise into the long-term and ecological impacts worsen. In New Zealand, efforts to reverse ecological degradation play a role in helping to mitigate some severe impacts. |
| ECONOMIC | Globally, financing for fossil fuel-driven development is readily available with little preference given to low-emissions initiatives. New Zealand businesses begin shifting to green technology which requires substantial upfront investment and government spending, driving short-term inflation. In the long-term, New Zealand's position as a net zero leader benefits the image of New Zealand businesses on the world stage, attracting investment, tourism, and demand for exported products. Early investment in new technology and innovative markets drive long-term economic growth. |

**Key challenges for Air New Zealand:**

- Higher compliance and transition costs than some competitors, particularly in the short-term;
- Widely varying SAF uplift requirements and production incentives across countries complicate network planning and fuel procurement; and
- Long-term fleet investment decisions are challenging due to unclear direction of policy change and delayed technology development.

# Strategy (continued)

**SCENARIO 3:**
## Wait-and-See

TEMPERATURE **2.7°C**

SSP **SSP2-4.5**

The airline's third climate scenario is aligned to SSP2-4.5 and is consistent with 2.7°C of global warming by 2100, relative to a pre-industrial average (1850-1900).

This scenario is largely in line with the Fragmented World scenario. However, this scenario differs in that New Zealand takes a wait-and-see approach rather than being a front-runner on climate action; action is minimal, and New Zealand generally takes a cautious approach to the low-carbon transition, opting for proactive measures only when the costs of inaction are clear and immediate.

New Zealand faces increased risk of losing investment from offshore, losing favourable market access for exports to some countries, and facing steeper and more disruptive economic and technological changes closer to 2050. New Zealand's attractiveness as a tourism destination suffers as domestic policy decisions erode the country's 'clean, green' perception.

| | |
|---|---|
| POLITICAL AND REGULATORY | While a significant number of countries are aligned on policy direction to decarbonise, New Zealand adopts a 'wait-and-see' approach to climate change and implements minimal new policies towards achieving decarbonisation. |
| SOCIAL | International concern about climate impacts begins to drive action. As decarbonisation initiatives become more widely deployed, pressure from the public and investors in some corners mounts on organisations to keep pace. In New Zealand, addressing climate change remains a lower priority for most of the population than immediate economic, security, and social concerns, though a subset of the population grows increasingly hostile towards organisations perceived to be lagging. |
| TECHNOLOGICAL | No significant technological developments are realised in the short-term. Globally, renewables continue to account for energy growth but do not begin to offer a meaningful alternative to fossil fuels until around 2040. Barriers to development and implementation of low-emissions technology remain high in New Zealand. |
| ENVIRONMENTAL | Acute weather events gradually become more intense and/or frequent. Sea levels continue to rise into the long-term and ecological impacts worsen. In New Zealand, scattered efforts to reverse ecological degradation are insufficient to mitigate severe impacts. |
| ECONOMIC | Globally, financing for fossil fuel-driven development is readily available with little preference given to low-emissions initiatives. Many large New Zealand corporations consider green technology too expensive. In the long-term, New Zealand's wait-and-see approach to decarbonisation affects the national 'clean, green' image, which has repercussions for investment and tourism. |

**Key challenges for Air New Zealand:**

- Delaying decarbonisation makes it costlier and harder to achieve as the airline risks missing out on early lower cost SAF supply contracts;
- Widely varying SAF uplift requirements and production incentives across countries complicate network planning and fuel procurement; and
- Demand impact due to New Zealand's damaged reputation as a tourism destination.

# Strategy (continued)

**SCENARIO 4:**
## Fossil-fuelled growth

TEMPERATURE **3.6°C**

SSP **SSP3-7.0**

The airline's fourth climate scenario is aligned to SSP3-7.0 and is consistent with 3.6°C of global warming by 2100, relative to a pre-industrial average (1850-1900).

Efforts to implement coordinated global decarbonisation fail, leaving countries to pursue their own adaptation responses. Emissions continue to grow through the century, as do temperatures and physical climate impacts. Global warming exceeds 3°C and is still rising by 2100.

New Zealand lacks supportive policy, market and technological developments to decarbonise. Climate-related impacts harm New Zealand's biodiversity and its 'clean, green' image is tarnished. While New Zealand's desirability as a travel destination and source of goods and services is adversely affected, it is not hit as hard as most other countries.

| | |
|---|---|
| POLITICAL AND REGULATORY | The Paris Agreement dissolves and international climate efforts falter. Many nations adopt protectionist trade policies amid a rise in nationalism and as concerns about energy security rise. |
| SOCIAL | Worsening trust across borders and in international organisations weakens the world's ability to solve collective problems like climate change. Immediate economic, security, and social concerns take precedence for many people. As climate damage worsens, public outrage grows. Climate-related impacts harm New Zealand's biodiversity and tarnish our 'clean, green' image, reducing New Zealand's desirability as a travel destination. |
| TECHNOLOGICAL | A global lack of ambition to decarbonise means cheap fossil fuels are still relied on, driving growth as new reserves are exploited internationally. New Zealand continues to import and invest in storage of fossil fuels to meet growing demand. Biofuels play a small role in delivering energy but remain expensive. |
| ENVIRONMENTAL | Globally and in New Zealand, warmer temperatures, harsher droughts, and more intense storms are experienced. Climate impacts lead to worsening ecological declines and more vulnerable ecosystems. Sea levels continue to rise in the long-term: by over 70 centimetres by 2100. Parts of the Pacific Islands are no longer habitable, and many people come to New Zealand seeking refuge. |
| ECONOMIC | Financing for fossil fuel-driven development is readily accessible and green finance drops out of favour. In the medium- to long-term, acute events cause significant damage to urban areas and businesses, resulting in economic shocks. Insurers retreat from covering high risk areas, creating a strong reliance on the government to support those in at-risk areas. Fossil fuel prices become more volatile over time as supply chains are increasingly disrupted. |

**Key challenges for Air New Zealand:**

- Lack of supportive policy, market signals and technology developments makes it harder to progress towards Air New Zealand's 2050 Target;
- Price volatility in major commodities (for example, jet fuel);
- Supply chain disruption due to physical climate impacts; and
- Climate-related extreme weather events materially impact economic growth, and therefore demand for Air New Zealand's services, particularly in the long-term, and create disruption within Air New Zealand's network.

# Strategy (continued)

## Method and time horizons

In the 2025 financial year, Air New Zealand applied the STEEP framework – Social, Technological, Environmental, Economic, and Political – to vary assumptions across key domains in its scenario analysis. This enabled a coherent and plausible set of future conditions under which to assess the airline's climate-related risk and opportunities.

Air New Zealand's scenario analysis applies different time horizons to assess how climate-related risks and opportunities may emerge over time. These time frames are aligned with the airline's strategic planning horizons and capital deployment plans, while also accommodating the longer time frames required to assess the potential physical impacts of climate change. The time horizons used, are:

- **Short-term:** 2025-2030 (0-5 years) - aligns with strategic and network planning time horizons for the airline's five-year financial plan, including capital deployment plans;
- **Medium-term:** 2031-2043 (6-18 years) - aligns with decisions about fleet planning and aircraft lease and purchases, and generally represents the airline's capital deployment horizons, excluding property; and
- **Long-term:** 2044-2050+ (19-25+ years and beyond) - includes the airline's 2050 Target and is also the period over which the airline expects the greatest physical impacts of climate change to occur.

To assess the long-term physical risks, a physical risk model, developed in the 2024 financial year, was again used in 2025. This model analyses the future frequency and severity of acute weather events at the domestic and international airports in Air New Zealand's network. This included the frequency of severe heat, fog, wind, thunderstorms, rain, ice and snow that has occurred each year since 1990, and projected occurrences to 2100.

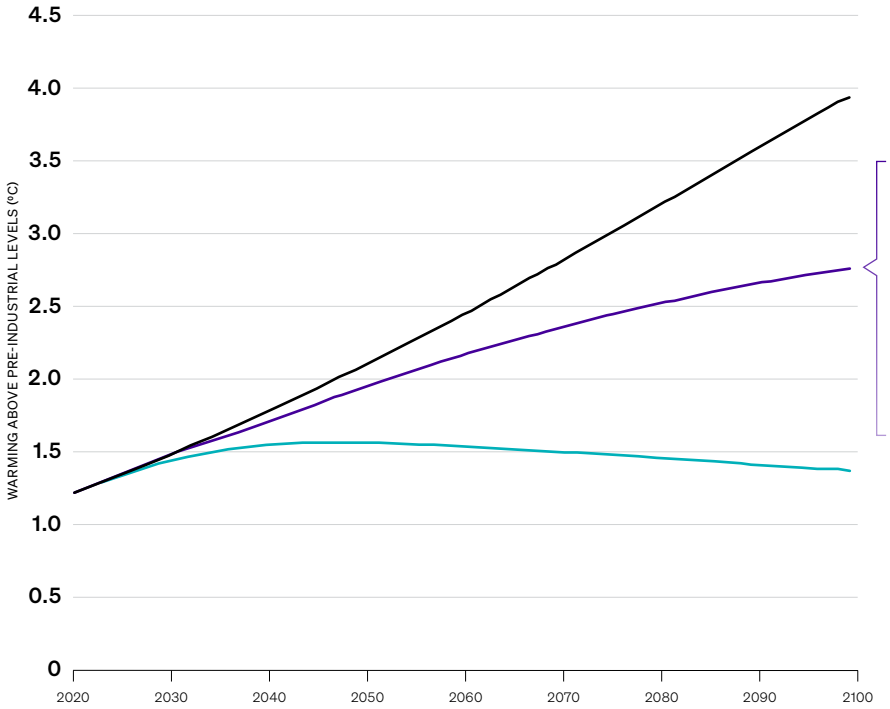
The physical risk analysis has a longer time frame (to 2100) than the transition risk analysis (to 2050) because physical climate risks are not projected to differ significantly across scenarios until the 2040s. The model outputs remain relevant in the 2025 financial year, given similar projected warming pathways in the updated scenarios[6].

The physical risk model was considered appropriate and relevant to assessing the resilience of Air New Zealand's business model and strategy to climate-related risks and opportunities because it combined data from the latest global climate models and was broadly aligned with the warming pathways in the airline's scenario analysis. This model combination was selected because they include a range of possible temperature changes for a given amount of $CO_2$ emissions, are produced by reputable and independent research groups, covered multiple scenarios, included variables relevant for physical climate risk analysis in aviation, and aligned with the airline's scenario analysis goals and principles.

Air New Zealand also used a qualitative approach to transition risk analysis in the 2025 financial year, building on the quantitative transition risk model used in 2024. Workshops

## SSP time horizons are defined based on a 2100 endpoint

IPCC Scenarios: Shared Socioeconomic Pathways (SSPs), aligned with Representative Concentration Pathways (RCPs).




**FOSSIL-FUELLED GROWTH**
**SSP3-7.0, +3.6°C BY 2100**
Coordinated responses fail, leading to increasing long-term emissions, temperatures and physical climate impacts.

**WAIT-AND-SEE**
**SSP2-4.5, +2.7°C BY 2100**
Global ambition and progress varies, with New Zealand's cautious approach leading to minimal climate action.

**FRAGMENTED WORLD**
**SSP2-4.5, +2.7°C BY 2100**
Global lack of alignment sees ambitious policy and progress in some countries, including New Zealand, while others lag.

**GLOBAL COHESION**
**SSP1-1.9, +1.4°C BY 2100**
Warming is limited as global policies and technology developments move rapidly and in sync.

6. The SSP1-2.6 and SSP5-8.5 scenarios under which the physical risk modelling was undertaken in the 2024 financial year differ from the SSP1-1.9 and SSP3-7.0 scenarios, respectively, used as the basis for the Global Cohesion and Fossil-fuelled Growth scenarios in the 2025 financial year. The airline plans to further align the modelling in future, with a particular focus on SSP3-7.0.

# Strategy (continued)

were conducted with input from across the business to assess the airline's ability to respond to climate-related transition risks under the different scenarios.

## 4.2 Climate-related risks and opportunities

This section describes the material climate-related risks and opportunities identified by the airline, and associated time frames.

### Climate-related opportunities

Air New Zealand has not identified any material 'opportunities' from climate change, as defined by NZ CS 1. On balance, the effects of climate change create risks for the aviation sector, notwithstanding the potential that exists to partially reduce the impact of those risks (for example, by reducing emissions through new technology such as SAF or, in the longer term, NGA). This is discussed further in this section and in section 4.3 Current impacts and anticipated impacts of climate-related risks.

The airline may be able to differentiate itself competitively by moving faster or slower than peers to decarbonise, or by evolving its Domestic network through the use of NGA, if it becomes commercially viable in the future. However, given the significant uncertainty around timing, scale, and broader market conditions, the size and nature of this potential is not yet considered material.

The absence of material opportunities is largely due to the airline's current reliance on fossil jet fuel and the uncertainty of future technological, customer, competitive, policy, regulatory and other developments.

### Climate-related risks, including whether physical or transition

Air New Zealand has identified eight material climate-related risks, summarised on page 17. The risks are grouped based on whether they are physical or transition risks but are not ordered in terms of significance or likelihood of eventuating. These risks combine into one overarching 'climate change' risk in the airline's GRP, described in section 3.1 Processes for identifying, assessing, managing and prioritising climate-related risks.

The eight risks disclosed in this Climate Statement include a consolidation and reframing of the 11 risks disclosed in the airline's 2024 Climate Statement. For clarity, this does not represent a change in the airline's view of the materiality of the 11 items disclosed as 'risks' in the 2024 financial year and all of those risks have been considered when preparing this Climate Statement.

The eight risks disclosed in the 2025 financial year remain interrelated and correlated. They link to each other across categories and if one materialises it could change the likelihood and / or possible acceleration and magnitude of others.

# Strategy (continued)

| CATEGORY OF RISK | SUMMARY OF SPECIFIC RISK (SEE THE FOLLOWING SECTION FOR FURTHER DETAILS) | MATERIAL TIME FRAMES SHORT-TERM (0-5 YEARS) | MEDIUM-TERM (5-18 YEARS) | LONG-TERM (18+ YEARS) |
|---|---|---|---|---|
| **PHYSICAL RISKS FOR THE AIRLINE** | | | | |
| 1 Operational and asset resilience | The airline's exposure to increasing severity and frequency of some acute weather events could cause operational challenges or directly impact Air New Zealand's assets, customers and people, and create supply chain disruption. | * | ◉ | ◉ |
| 2 Network resilience | Physical impacts of climate change may affect the desirability or viability of destinations across Air New Zealand's current and future network. | * | ◉ | ◉ |
| **TRANSITION RISKS FOR THE AIRLINE** | | | | |
| 3 Emissions pricing | Changes in the scope or price of emissions compliance obligations, or the adequate availability, cost and credibility of carbon credits, could lead to increased costs, and impact Air New Zealand's ability to meet its emissions compliance obligations or its 2050 Target. | ◉ | ◉ | ◉ |
| 4 Funding, insurance and legal claims | Changes in the pace of implementation of Air New Zealand's Transition Plan, and its exposure to climate-related risks and regulation, may affect its access to, and the cost of, funding and insurance, and increase its litigation exposure and compliance costs. | | ◉ | ◉ |
| 5 Customer sentiment | Customers' own climate commitments or obligations and / or a negative perception of aviation's progress towards tackling climate change may decrease demand for Air New Zealand travel specifically, or aviation more generally. | ◉ | ◉ | ◉ |
| 6 Sustainable Aviation Fuel | The ability of Air New Zealand to uplift adequate volumes of SAF at affordable prices could impact its ability to meet its targets. This is dependent on global market dynamics, regulatory settings, technology development, access to supporting infrastructure, and stakeholder acceptance of SAF characteristics. | ◉ | ◉ | ◉ |
| 7 Fleet transition | The ability of Air New Zealand to renew its fleet in support of decarbonisation measures is dependent on a range of factors including the pace of technological development, speed of regulatory approvals, availability of supporting infrastructure, the supply chain's ability to deliver, and / or changes in public perception. Changes in one or more of these factors may limit Air New Zealand's ability to accurately plan for and renew its fleet with lower-carbon alternatives, and achieve emissions reductions. | ◉ | ◉ | ◉ |
| 8 Competitive distortion | Differences in costs associated with Air New Zealand's transition pathway relative to competitors, due to lack of coordinated global regulatory support and international policy asymmetry, may disadvantage the airline relative to peers. | ◉ | ◉ | ◉ |

The degree to which these risks are material is sensitive to both the timeframe and the scenario under which they are considered. Not all risks are material under all scenarios.

*Note on short-term impacts: while acute and severe weather events do occur in the short-term, the contribution of climate change to exacerbating the impact of these events is not possible to attribute in any meaningful way, and the associated financial impact is unlikely to be material to Air New Zealand, so the risk posed to Air New Zealand is assessed as not material in the short-term.

# Strategy (continued)

## 4.3 Current impacts and anticipated impacts of climate-related risks

This section outlines the current and anticipated impacts of Air New Zealand's climate-related risks. They refer to gross risks before mitigations, not residual risks. Risks are grouped into two categories: physical risks and transition risks.

### Physical risks for the airline

### 1 Operational and asset resilience

| MATERIAL TIME FRAMES | | |
|---|---|---|
| SHORT-TERM (0-5 YEARS) | MEDIUM-TERM (5-18 YEARS) | LONG-TERM (18+ YEARS) |
| * | ◉ | ◉ |

| | |
|---|---|
| **Description** | **The airline's exposure to increasing severity and frequency of some acute weather events could cause operational challenges or directly impact Air New Zealand's assets, customers and people, and create supply chain disruption.**<br><br>*Air New Zealand considers acute weather events to be discrete, short-duration weather events, such as fog, high winds, heavy rainfall, storms, tropical cyclones, or extreme heat, that can cause operational disruption, asset damage, supply chain interruption, or safety risks. Chronic shifts in climate patterns, such as changes in regional temperature and precipitation patterns, are expected to increase the severity and frequency of some acute weather events.* |
| **Current impact** | Notable severe weather events in the 2025 financial year included Tropical Cyclone Alfred that affected the Brisbane and Gold Coast airports, ex-Cyclone Tam that impacted the Auckland Airport hub and several domestic airports across the North and upper South Islands, and the wildfires that affected Los Angeles International Airport. In addition to large scale severe weather events, the airline was also exposed to weather events during its day-to-day operations.<br><br>Weather-related impacts are an inherent feature of aircraft operations, and Air New Zealand has developed strategies to minimise their effects on its customers, assets and employees, where possible. However, such impacts cannot be completely mitigated and typically arise in four major areas:<br>• **Disruptions:** where a weather-related event (for example, strong winds, lightning, snow and ice) leads to delays and / or cancellations;<br>• **Diversions:** where a weather-related event requires an aircraft to land at an airport other than the originally scheduled destination;<br>• **Repairs and maintenance:** where a weather-related event (for example, heavy landings in strong winds, lightning strikes, hail storms) causes aircraft damage; and<br>• **Assets:** where a weather-related event causes damage to the airline's 'immovable' assets, or where spend is required to improve the resilience of the airline's assets (for example, designing more climate-resilient buildings).<br><br>Air New Zealand is unable to meaningfully calculate the current financial impacts of weather-related disruptions, diversions, or repairs and maintenance impacts. This is due to the high variability of operational inputs (for example, passenger load, maintenance scheduling or crew and aircraft availability), the indirect and distributed nature of associated costs, and the absence of internal systems specifically designed to track these impacts. Additionally, the airline's flexible network and planning systems help to manage disruptions and diversions by adjusting schedules or reaccommodating passengers, reducing the financial impact of any single event. Together, these factors prevent Air New Zealand from quantifying the financial effects of weather events on its operations in a meaningful way.<br><br>However, in relation to the resilience of assets, the airline has been able to quantify the additional capital expenditure to ensure the airline's Hangar 4 at Auckland Airport complies with updated wind code requirements. At $13 million, while not considered financially material, this is the largest physical resilience enhancement cost in the 2025 financial year. It is acknowledged that this is only one impact among a number of others and, accordingly, it is not representative of the airline's financial impact due to weather events.<br><br>The operational impact of weather events is reflected through non-financial metrics in section 5.1 Metrics relevant to all entities ('Amount or percentage of assets or business activities vulnerable to physical risks' on page 45), which includes the proportion of flights delayed or cancelled due to weather events. |

*Note on short-term impacts: while acute and severe weather events do occur in the short-term, the contribution of climate change to exacerbating the impact of these events is not possible to attribute in any meaningful way, and the associated financial impact is unlikely to be material to Air New Zealand, so the risk posed to Air New Zealand is assessed as not material in the short-term.

# Strategy (continued)

## 1 Operational and asset resilience (continued)

| MATERIAL TIME FRAMES | | |
|---|---|---|
| SHORT-TERM (0-5 YEARS) | MEDIUM-TERM (5-18 YEARS) | LONG-TERM (18+ YEARS) |
| * | ◉ | ◉ |

| | |
|---|---|
| **Anticipated impact** | **More frequent and / or severe weather events could increase operational disruptions.** External climate modelling suggests increased frequency of thunderstorms and rain and decreased frequency of fog and ice across the Domestic network in the future. For the International network, external climate modelling suggests increased exposure to extreme heat, extreme rainfall, thunderstorms, and maximum wind speeds at most locations alongside reduced cold-related hazards such as ice, snow, and fog. The extent to which the airline can manage the effects of these events will influence the level of operational disruptions. Greater disruption could impact revenue, costs and reputation.<br><br>**More frequent and / or severe weather events could increase damage to 'immovable' physical assets, increasing costs.** This could occur as a result of river flooding, inundation and / or coastal erosion, particularly in combination with acute weather events, such as storms. The airport locations with the airline's greatest 'immovable' physical asset values, and which are assessed as highly exposed to the hazards of river flooding, inundation and / or coastal erosion, are Auckland, Wellington and Nelson airports. Damage to these assets could increase the airline's costs and reduce revenue.<br><br>**More frequent and / or severe weather events could increase weather-related damage to aircraft, impacting maintenance costs and flight scheduling.** Air New Zealand's largest fixed assets by value are its aircraft. While aircraft can often be relocated ahead of severe weather, more frequent or intense storms may still cause damage through hail, lightning strikes, or wind - both in flight and on the ground. This could increase maintenance costs, take aircraft out of service, or disrupt scheduling, thus impacting revenue and reputation.<br><br>**Short-term interruptions or long-term damage to suppliers' assets and operations could create operational disruptions for Air New Zealand.** Potential physical climate risks across Air New Zealand's value chain, such as the critical infrastructure at Auckland Airport's precinct or Channel Infrastructure New Zealand's fuel pipeline from Marsden Point to the Wiri terminal, could impact Air New Zealand materially, even if their vulnerability is deemed low.<br><br>**More frequent and / or severe weather events may increase Occupational Health & Safety risks for employees.** This could require increased training, protective measures, and investment to mitigate these risks. |

*Note on short-term impacts: while acute and severe weather events do occur in the short-term, the contribution of climate change to exacerbating the impact of these events is not possible to attribute in any meaningful way, and the associated financial impact is unlikely to be material to Air New Zealand, so the risk posed to Air New Zealand is assessed as not material in the short-term.

# Strategy (continued)

## 2 Network resilience

| MATERIAL TIME FRAMES | | |
|---|---|---|
| SHORT-TERM (0-5 YEARS) | MEDIUM-TERM (5-18 YEARS) | LONG-TERM (18+ YEARS) |
| * | ◉ | ◉ |

| | |
|---|---|
| **Description** | **Physical impacts of climate change may affect the desirability or viability of destinations across Air New Zealand's current and future network.**<br>*Rising temperatures, sea level rise, biodiversity loss, water scarcity, and the increasing frequency or intensity of some climate-related hazards could reduce the appeal of some tourism destinations or the safe and reliable operation of some airports. Physical impacts, alongside infrastructure vulnerability and broader economic pressures, may shift demand patterns or require network and fleet adjustments over time.* |
| **Current impact** | There has been no current impact to the Group relating to physical impacts of climate change on network resilience in the 2025 financial year. While Air New Zealand made changes to its network, pausing the Auckland-Seoul and Wellington-Invercargill routes, these were driven by commercial factors and are not attributable to climate change. |
| **Anticipated impact** | **Climate-related physical impacts to destinations within Air New Zealand's network, particularly those with a higher proportion of discretionary travel such as tourism, may impact the demand for both inbound travel to, and within, New Zealand, and outbound travel to destinations within Air New Zealand's network.** This may be particularly noticeable for destinations that are dependent to some extent on eco-tourism (such as New Zealand), centre around ecosystems that are known to be particularly vulnerable to climate change (such as warm water coral reefs), or are reliant on seasonal factors (such as ski fields in New Zealand in winter). Changes in the appeal or viability of some destinations may necessitate the redeployment of aircraft to other locations, which may be less profitable than the original destination would have been in the absence of climate-related changes.<br>**In addition to factors that affect the appeal of a destination to customers, physical climate impacts may also affect the infrastructure upon which Air New Zealand depends to be able to fly into each of the destinations within its network.** This may include, but is not limited to, airport runways, access to airports, and utilities infrastructure (for example, electricity substations). Issues with any of these dependencies may affect the viability of servicing some ports in Air New Zealand's network. |

*Note on short-term impacts: while acute and severe weather events do occur in the short-term, the contribution of climate change to exacerbating the impact of these events is not possible to attribute in any meaningful way, and the associated financial impact is unlikely to be material to Air New Zealand, so the risk posed to Air New Zealand is assessed as not material in the short-term.

# Strategy (continued)

## Transition risks for the airline

### 3 Emissions pricing

| MATERIAL TIME FRAMES | | |
|---|---|---|
| SHORT-TERM (0-5 YEARS) | MEDIUM-TERM (5-18 YEARS) | LONG-TERM (18+ YEARS) |
| ◉ | ◉ | ◉ |

**Description**

**Changes in the scope or price of emissions compliance obligations, or the adequate availability, cost, or credibility of carbon credits, could lead to increased costs, and impact Air New Zealand's ability to meet its emissions compliance obligations or its 2050 Target.**

*Air New Zealand is currently a participant in two emissions pricing schemes: the New Zealand Emissions Trading Scheme (NZ ETS) and The Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA). Both NZ ETS and CORSIA operate on a calendar year basis.*

**Current impact**

**Air New Zealand's NZ ETS compliance costs increased to $40 million for the 2024 calendar year, driven by New Zealand Unit (NZU) price increases.** For the 2024 calendar year, Air New Zealand's NZ ETS obligation was 589,350 tonnes of $CO_2$-e, and NZUs to meet this obligation were surrendered during the 2025 financial year[7]. NZUs were sourced through government auctions, the secondary market, and the Group's distribution of NZUs via its investment in the Drylandcarbon One Limited Partnership.

**Air New Zealand also recognised an anticipated CORSIA obligation in respect of the 2024 calendar year.** This reflects International Air Transport Association (IATA) forecasts indicating that international aviation emissions, globally, exceeded the CORSIA baseline (currently 85 percent of 2019 international aviation emissions). As at 30 June 2025, the airline accrued a liability of $6 million for the calendar year 2024 (and an additional liability of $4 million for the first half of calendar year 2025). These obligations are based on Air New Zealand's routes, IATA Sectoral Growth Factor forecasts, and current price expectations. The final 2024 CORSIA obligation will be confirmed by November 2025.

**Anticipated impact**

**Changes in the scope or price of emissions compliance obligations could lead to increased costs and impact Air New Zealand's ability to meet its emissions compliance obligations or its 2050 Target.**

- **International aviation emissions could be included in the New Zealand carbon budget, which could raise Air New Zealand's costs depending on the treatment of double counting of NZ ETS and CORSIA obligations.** The NZ CCC provided advice to the New Zealand Government in December 2024, which Air New Zealand supported, recommending that international aviation emissions be included in New Zealand's national emissions targets. If the Government accepts this advice, it may choose to use the NZ ETS as a policy tool for addressing some, or all, of these emissions[8]. Expanding the scope of the NZ ETS in this way would require Air New Zealand to purchase more NZUs, increasing its operating costs. While the NZ CCC note in their advice to government the need to avoid double counting, it remains unclear whether, to prevent double counting, any CORSIA obligation would be deducted from the NZ ETS obligation. Countries such as the United Kingdom, which are reviewing their position following consultation on this issue, suggest a willingness to avoid double counting where possible.
- **Other changes to the scope of emissions included in the NZ ETS or CORSIA could raise Air New Zealand's emissions costs.** In addition to the potential inclusion of international aviation emissions in the NZ ETS described above, other changes could include increasing the coverage of CORSIA (for example, lowering its baseline), or including some or all Non-$CO_2$ Effects in CORSIA and / or the NZ ETS. Either change could materially increase Air New Zealand's compliance obligations and associated costs.
- **Additional emissions pricing schemes could emerge, especially if countries implement stronger regimes for aviation emissions alongside CORSIA, which could raise costs for Air New Zealand.** Other countries in the airline's international network may introduce additional international aviation emissions pricing alongside the CORSIA scheme. As with the potential inclusion of international aviation emissions in the NZ ETS, the treatment of potential double counting under overlapping schemes would be especially important for Air New Zealand's cost exposure.

7. By comparison, Air New Zealand's 2023 calendar year NZ ETS obligation was 602,362 tonnes of $CO_2$-e and the airline's cost to acquire NZUs to meet this obligation was $38 million.
8. As at 27 August 2025, the Government had not responded to the NZ CCC's advice.

# Strategy (continued)

| MATERIAL TIME FRAMES | | |
|---|---|---|
| SHORT-TERM (0-5 YEARS) | MEDIUM-TERM (5-18 YEARS) | LONG-TERM (18+ YEARS) |
| ◉ | ◉ | ◉ |

## 3 Emissions pricing (continued)

**Anticipated impact (continued)**

- **Market forces and regulatory changes could drive movements in the price of eligible units under both the NZ ETS and CORSIA, affecting costs for the airline.** Changing demand and supply of NZUs or CORSIA Eligible Emissions Units (EEUs) could change their price. One driver of these dynamics is the rules that govern what counts as an NZU or an EEU. Changes to these rules could also contribute to price movements. For example, changes to forestry-generated NZUs in the NZ ETS could potentially reduce the supply of NZUs and increase their price, all else being equal.
- **If corresponding adjustment does not become more widespread, Air New Zealand's ability to acquire EEUs and deliver its Transition Plan at an affordable cost may be impacted.** EEUs are carbon credits under the ICAO CORSIA scheme which require a corresponding adjustment from the host country. A corresponding adjustment is an accounting mechanism designed to avoid double counting, requiring the host country to adjust its Nationally Determined Contribution (NDC) when credits are transferred abroad. However, this practice remains nascent, and many countries are still developing processes, systems and capabilities required to implement it. Delays in the widespread adoption of corresponding adjustment could impact the supply of EEUs and increase the costs for the airline to meet its emissions compliance obligations and execute its Transition Plan.

**Changes in the adequate availability, cost, or credibility of carbon credits, could lead to increased costs, and impact Air New Zealand's ability to meet its 2050 Target.**

- **If clear standards to guide carbon credit development, including carbon removals, and use do not emerge, this could impact the acceptance of carbon credits, affecting both the supply of carbon credits and the airline's ability to use carbon credits as a lever towards its 2050 Target.** Clear external standards will be important to ensure the integrity of carbon credits to scale the market and their credible use in net zero strategies.
- **If supply of credible carbon credits, including carbon removals, does not scale-up in the period to 2050, Air New Zealand's access to, and the cost of, carbon credits could be negatively impacted, impacting the ability to deliver its Transition Plan at an affordable cost.** The future supply and cost of credible carbon credits is highly uncertain. For nature-based removals credits, key barriers to scaling include land availability, understanding biodiversity impacts, measurement challenges, regulatory acceptance, social acceptance, and climate change impacts. For engineered removals credits, barriers include uncertain technological development, investment requirement, energy needs, infrastructure challenges, and regulatory and social acceptance. If sufficient supply does not develop at affordable prices, achievement of Air New Zealand's Transition Plan and / or the airline's financial performance may be affected. In the short-term, achieving the current 2030 Emissions Guidance relies, amongst other decarbonisation levers, on the ongoing development of voluntary carbon markets and Air New Zealand being able to access CORSIA EEUs and appropriate volumes of high integrity carbon credits[9] at reasonable prices. An early focus on including removal carbon credits in Air New Zealand's carbon credit purchases is an opportunity to mitigate forward supply risk and help scale removal carbon credits to build carbon credit supply.

9. For Air New Zealand, high integrity means carbon credits which are real, permanent and additional, and on an internationally recognised carbon registry.

# Strategy (continued)

## 4 Funding, insurance and legal claims

| MATERIAL TIME FRAMES | | |
|---|---|---|
| SHORT-TERM (0-5 YEARS) | MEDIUM-TERM (5-18 YEARS) | LONG-TERM (18+ YEARS) |
| | ◉ | ◉ |

| | |
|---|---|
| **Description** | **Changes in the pace of implementation of Air New Zealand's Transition Plan, and its exposure to climate-related risks and regulation, may affect its access to, and cost of, funding and insurance, and increase its litigation exposure and compliance costs.** |
| **Current impact** | In the 2025 financial year, there has been no material current impact relating to access, coverage or cost of insurance; or access or cost of funding. |
| **Anticipated impact** | **Air New Zealand's ability to effect its Transition Plan and adapt to climate change could affect its access to, and its cost of, capital.** This will be especially important if investors, lenders and creditors increasingly factor climate change considerations, including mitigation and adaptation, into their decision-making.<br><br>**Increasing physical climate change impacts could affect access to and / or the cost of insurance for Air New Zealand.** This could be driven by both the airline's own exposure to climate-related risks and increased insurance claims globally from severe weather events.<br><br>**As an emissions intensive business, Air New Zealand, like other airlines, faces risk from greater climate-related regulation, including increased compliance costs and litigation exposure in New Zealand and globally. This could lead to increased compliance costs and litigation exposure in New Zealand and globally.** |

# Strategy (continued)

| MATERIAL TIME FRAMES | | |
|---|---|---|
| SHORT-TERM (0-5 YEARS) | MEDIUM-TERM (5-18 YEARS) | LONG-TERM (18+ YEARS) |
| ◉ | ◉ | ◉ |

## 5 Customer Sentiment

| | |
|---|---|
| **Description** | **Customers' own climate commitments or obligations and / or a negative perception of aviation's progress towards tackling climate change may decrease demand for Air New Zealand travel specifically, or aviation more generally.** |
| **Current impact** | Air New Zealand's customer research suggests some customers are starting to consider changing their air travel behaviour for climate-related reasons, but it is difficult to identify the impact of this on bookings. The impact of climate-related changes in customer demand cannot be disaggregated from other drivers of demand. The airline is therefore unable to quantify a financial impact in the 2025 financial year.<br><br>**The impact on Air New Zealand's competitive positioning in the 2025 financial year from its signalling about the pace and cost of its Transition Plan, most notably its withdrawal from its 2030 science-based target, was unclear.** In July 2024, Air New Zealand removed its 2030 science-based carbon intensity reduction target and withdrew from the Science Based Targets initiative. Air New Zealand continued to publish information about its Transition Plan in its 2024 Sustainability Update and 2024 Climate Statement and issued updates throughout the year on its expectations for SAF and NGA developments. In May 2025, the airline published information relating to its 2030 Emissions Guidance. Overall, the impact of these messages on customers' perception or the airline's competitive positioning is not clear. |
| **Anticipated impact** | **Ongoing strategic choices that the airline makes about the pace and cost of its Transition Plan could impact customer sentiment.** Moving faster than competitors could create opportunities to stand out to customers and build expertise, but it could increase costs if no 'first mover' advantages materialise. A slower approach may lower short- to medium-term costs but could allow competitors to differentiate themselves with customers or reduce the airline's appeal to climate-conscious customers.<br><br>**Air New Zealand, or aviation more generally, could be perceived as insufficiently addressing climate change, impacting the brand and / or potentially reducing passenger and cargo demand.**<br><br>**Corporate, cargo, and government customers could travel less or prioritise lower-emission travel options to meet their own decarbonisation targets impacting demand, particularly given aviation's status as a hard to abate sector.** As a business operating in a geographically isolated part of the world relative to many competitors, changes in the perception of New Zealand or areas within Air New Zealand's network as desirable destinations may reduce demand and / or create network planning challenges. |

# Strategy (continued)

| MATERIAL TIME FRAMES | | |
|---|---|---|
| SHORT-TERM (0-5 YEARS) | MEDIUM-TERM (5-18 YEARS) | LONG-TERM (18+ YEARS) |
| ◉ | ◉ | ◉ |

## 6 Sustainable Aviation Fuel

| | |
|---|---|
| **Description** | **The ability of Air New Zealand to uplift adequate volumes of SAF at affordable prices could impact its ability to meet its targets. This is dependent on global market dynamics, regulatory settings, technology development, access to supporting infrastructure, and stakeholder acceptance of SAF characteristics.**<br><br>This is discussed in more detail below and in section 4.5 Transition Plan. |
| **Current impact** | **Price premiums in the global market for SAF currently range from just above parity to approximately five-times the cost of fossil jet fuel.** In the 2025 financial year, Air New Zealand purchased SAF through offtake agreements with suppliers. The price premiums of these contracted fuel deliveries ranged between 1.5 times to 2.5 times the fossil jet fuel price. In the 2025 financial year, 1.7 percent of Air New Zealand's jet fuel usage was SAF, uplifted in the United States. The approximate additional cost of this volume of SAF compared with the purchase of an equivalent volume of fossil jet fuel was $21 million. |
| **Anticipated impact** | **Lack of new policy support in New Zealand and the Asia Pacific region, or potential removal of existing support in North America, could result in supply shortfalls or sustained high costs to meet the airline's targets.** Policy support is necessary to both accelerate the development of the SAF industry overall and support the affordability of SAF relative to fossil jet fuel.<br><br>**If SAF technology does not keep developing and / or the scale-up of production is less than current industry forecasts, Air New Zealand's access to, and the cost of, SAF could be negatively impacted.** This could reduce Air New Zealand's ability to create and maintain a deal pipeline to access the volumes of SAF required to meet the Clean Skies for Tomorrow 2030 Ambition Statement (see 'Ten percent SAF by 2030' on page 48) and to deliver its Transition Plan, potentially resulting in Air New Zealand missing its 2050 Target as well as suffering reputational damage and increased compliance costs.<br><br>**Securing long-term SAF offtake contracts, which are common in SAF markets, could lead to delivery and price risks for Air New Zealand.** Suppliers could fail to deliver on agreed contracts, forcing the airline to find alternative sources of supply at short notice. Locking in long-term prices at above-average rates could lead to a higher cost base relative to competitors.<br><br>**The acceptability of specific SAF feedstocks could change, which may affect Air New Zealand's supply options, the airline's Transition Plan or the overall acceptance of SAF as a decarbonisation lever.** The airline's ability to effectively utilise SAF over the medium- to long-term to achieve its Transition Plan could be adversely affected by a range of factors, including:<br>• Changing concerns about the impacts of SAF production on biodiversity, food systems, labour rights, water use and land use change;<br>• Downward revisions to the carbon intensity of life cycle savings for specific feedstocks or technologies; and<br>• Changing public acceptance of biofuels due to an increased focus on Tank-to-Wake emissions relative to fossil fuels rather than life cycle emissions (see 'SAF – biogenic emissions' on page 31). |

# Strategy (continued)

| MATERIAL TIME FRAMES | | |
|---|---|---|
| SHORT-TERM (0-5 YEARS) | MEDIUM-TERM (5-18 YEARS) | LONG-TERM (18+ YEARS) |
| ◉ | ◉ | ◉ |

## 7 Fleet transition

| | |
|---|---|
| **Description** | **The ability of Air New Zealand to renew its fleet in support of decarbonisation measures is dependent on a range of factors including the pace of technological development, speed of regulatory approvals, availability of supporting infrastructure, the supply chain's ability to deliver, and / or changes in public perception. Changes in one or more of these factors may limit Air New Zealand's ability to accurately plan for and renew its fleet with lower-carbon alternatives and achieve emissions reductions.**<br><br>This is discussed in more detail below and in section 4.5 Transition Plan. |
| **Current impact** | **In the short-term, the aviation sector generally is experiencing severe supply constraints for both aircraft and engines, which is limiting Air New Zealand's options for conventional fleet renewal.** Continued constraints to conventional fleet renewal are expected to remain material in the medium-term and could be exacerbated if conventional fleet aircraft and engine manufacturers experience further production slowdowns. Because fleet renewal is primarily driven by commercial and operational needs, and the influence of climate factors is not separately assessed, Air New Zealand is unable to quantify a climate-related financial impact.<br><br>**The airline incurred costs in the 2025 financial year relating to preparatory infrastructure works and feasibility studies to support the technology demonstrator. These costs are assessed to be financially immaterial.**<br><br>**During the 2025 financial year, BETA, the manufacturer of Air New Zealand's first NGA commercial demonstrator, an ALIA CX300, delayed the expected delivery date of the airline's first aircraft, originally expected in the 2026 calendar year.** This delay will not materially affect the airline's ability to achieve its Transition Plan and does not represent a current financial impact. |
| **Anticipated impact** | **Continued constrained or delayed access to new, more efficient conventional aircraft, or the slow development of new innovative aircraft designs, could impact Air New Zealand's ability to achieve its Transition Plan.**<br><br>**Air New Zealand relies on external parties to make significant progress on multiple factors for NGA to play any role in the airline's Transition Plan.** At present, and at least in the short- and medium-term, NGA technologies are not commercially available, and their deployment within the airlines network remains uncertain. Delays to any or a combination of the factors outlined below over the medium- to long-term could impact the ability of the airline to meet its 2050 Target:<br>• **Technology development:** Delays in the expected time frame for the introduction of NGA would increase reliance on other levers in the Transition Plan, potentially increasing operating and compliance costs;<br>• **Regulatory approvals:** Delayed regulations could slow the pace of development and the use of NGA, limiting the ability to operate these new aircraft, to the extent they are available. Lack of government support could also result in increased costs of renewable electricity and green hydrogen (hydrogen produced using renewable electricity), increasing operating costs;<br>• **Capital costs:** Capital investment in NGA could be higher than anticipated;<br>• **Green hydrogen costs:** If suitable hydrogen powered NGA become available (not expected in the short- and medium-term), operating them could increase costs unless green hydrogen production becomes more affordable;<br>• **Airport infrastructure:** Lack of airport infrastructure, such as recharging and hydrogen storage facilities, and new maintenance equipment, could limit the network flown by NGA, reducing revenue; and<br>• **Access to, or cost of, energy:** Accessing sufficient power to run any NGA may be impacted by grid capacity constraints or competing demands for power, either from other sectors (for example, data centres) or from other airport users. This could introduce reputational or brand damage if it diverts energy resources from other parts of the economy. |

# Strategy (continued)

## 8 Competitive distortion

| MATERIAL TIME FRAMES | | |
|---|---|---|
| SHORT-TERM (0-5 YEARS) | MEDIUM-TERM (5-18 YEARS) | LONG-TERM (18+ YEARS) |
| ◉ | ◉ | ◉ |

| | |
|---|---|
| **Description** | **Differences in costs associated with Air New Zealand's transition pathway relative to competitors, due to lack of coordinated global regulatory support and international policy asymmetry, may disadvantage the airline relative to peers.** |
| **Current impact** | Air New Zealand is currently disadvantaged relative to some competitors that do not face domestic emissions trading obligations, or that benefit from stronger SAF subsidies in markets like California and British Columbia. While Air New Zealand can uplift SAF in some of these regions, it does not receive equivalent policy support in its home market.<br><br>Quantifying the financial impact of climate-related competitive distortion is challenging due to the indirect nature of the risk, overlapping factors such as emissions pricing, SAF policy support, wide global policy variations and limited transparency into competitor costs. In addition, the extent of the distortive impact will differ depending on which airline and / or market Air New Zealand chooses to compare itself with. This is because other variables such as fuel price fluctuations or currency movement will impact the comparison. As a result, while competitive distortion is recognised as a credible transition risk, the airline is unable to quantify a financial impact. |
| **Anticipated impact** | **Uneven policy settings across markets are expected to continue, which is likely to have a mixed impact on Air New Zealand relative to competitors.** Global approaches to emissions pricing and policy support for sustainable aviation technology will likely continue to vary. If these different policy settings negatively affect Air New Zealand compared to its competitors, such as through higher emissions costs or more limited access to aviation technology support, the airline's ability to compete and its financial performance could be adversely impacted. Examples of potential uneven policy settings in the future include:<br>• The potential expansion of the NZ ETS to include some or all international aviation emissions, as discussed in the Emissions pricing risk above;<br>• The possible introduction of regulations that restrict, levy or reduce aviation sector growth in specific markets;<br>• Continued policy support for SAF in other airlines' domestic markets but not in New Zealand; and<br>• The continued uneven rollout of uplift requirements for SAF, which can require airlines to uplift SAF in specific markets, or levies for SAF, which impose a charge on operations within specific markets, could require Air New Zealand to incur higher SAF-related costs than if the airline were to uplift SAF from the cheapest locations globally.<br><br>SAF uplift requirements, levies, subsidies or targets to drive SAF uplift have been announced in several of the destinations that Air New Zealand services (Australia, Canada, Indonesia, Japan, Singapore, Taiwan and the United States) and are expected to be announced in China and Hong Kong in the next 12 months. Destinations not currently within Air New Zealand's network such as Brazil, Chile, Colombia, the European Union, the United Arab Emirates, Thailand, India, Malaysia, South Korea, and the United Kingdom have also announced similar policies. |

# Strategy (continued)

## 4.4 Capital deployment

Climate-related risks serve as an input to internal funding and capital deployment decision-making in two key ways:

### Internal funding

Funding of climate-related strategic priorities and ongoing operations (including in relation to the Transition Plan), is considered through the airline's annual budgeting process and as part of the annual refresh of its five-year financial plan. For example, estimated costs for SAF, CORSIA obligations, and fleet upgrades (based on current assumptions) are incorporated into both the annual budget and the five-year financial plan. Annual operating budgets are reviewed and approved by the Board with reference to the airline's key strategic goals, including climate-related goals.

In the 2025 financial year, the airline approved funding for the procurement of SAF, a dedicated SAF team, external advisors for development of the airline's climate scenario analysis, and funding of a Climate and Nature Fund. The Climate and Nature Fund is described in more detail in section 5.1 Metrics relevant to all entities ('Internal carbon charge' on page 46).

### Investment decisions

Air New Zealand's internal investment governance tool requires all new business cases, including fleet decisions, to consider sustainability implications, including climate-related impacts and exposures. This helps senior decision-makers have visibility of relevant climate-related risks and opportunities when making investment decisions.

The airline uses 'Guardrails' to guide decision-making across the business. These define which decisions employees can make independently, which require expert input, and which are reserved for specific roles. Sustainability Guardrails apply to decisions that could affect total fuel burn, carbon emissions, exposure to climate-related risks, among other sustainability considerations.

### Capital expenditure deployed toward climate-related risks and opportunities

Air New Zealand made financially material investments with climate-related considerations in the 2025 financial year, such as new aircraft. The airline also deployed capital towards electric and hybrid ground service equipment, and improved energy-rated property and infrastructure developments.

However, Air New Zealand only discloses capital expenditure where its entire or primary purpose is to address climate-related risks and / or opportunities. Like in the 2024 financial year, no material proportion of the airline's overall capital expenditure, financing, or investment was entirely or primarily deployed to the climate-related risks or opportunities identified in section 4.3 Climate-related risks and opportunities. However, as disclosed for the Operational and asset resilience risk, the airline deployed $13 million in the 2025 financial year to enhance the resilience of Hangar 4 at Auckland Airport to wind damage.

Air New Zealand also made some investments where the primary purpose was climate-related, however, these investments were not financially material. These investments were paid out of the airline's Climate and Nature Fund (see section 5.1 Metrics relevant to all entities ('Internal carbon charge' on page 46) for more detail).

## 4.5 Transition Plan

This section describes Air New Zealand's current business model and strategy and outlines the Transition Plan aspects of the airline's strategy. It should be read together with the section 5.3 Targets used to manage climate-related risks and opportunities.

### Current business model and strategy

Air New Zealand's purpose is 'to enrich our country by connecting New Zealanders to each other and New Zealand to the world'. Its business model is to operate a global network that provides air passenger and cargo services to, from and within New Zealand. The airline generates revenue primarily through ticket sales, cargo, and ancillary services.

Air New Zealand's strategy, Kia Mau, has three key profit drivers: to grow domestic, elevate international, and to lift loyalty. These drivers are executed through four key enablers, one of which is 'Serious about Sustainability'. Another enabler, 'Prioritising People & Safety', incorporates the airline's Māori strategy, Kia Rite, which includes the 'Tiaki Promise' and approach to 'Protecting Taonga', reflecting Air New Zealand's commitment to protecting New Zealand's natural environment.

In the 2025 financial year, Air New Zealand approved an updated Sustainability Framework, replacing the 2020 version. The updated framework reflects the airline's current evolving sustainability priorities. This framework translates the Kia Mau and Kia Rite sustainability priorities into calls to action through a clear vision, 'When New Zealand thrives, we thrive too', and three key priorities: people *He Tāngata*, planet *Te Taiao* and guardianship *Kaitiakitanga*. It reaffirms the airline's commitment to work towards net zero carbon emissions by 2050.

### Transition Plan aspects of the strategy

Like all airlines, Air New Zealand relies on fossil jet fuel to operate its services, emits significant amounts of GHG emissions and is part of a hard to abate sector. Air New Zealand plans to reduce its net carbon emissions over time, but acknowledges the substantial industry changes required to do so. Its Transition Plan helps to chart potential paths to make these reductions. Air New Zealand's Transition Plan includes both short- and long-term components, reflecting the greater

# Strategy (continued)

degree of visibility the airline has over the levers available to address emissions in the short-term. Both the short- and long-term aspects of the Transition Plan are introduced below.

The Transition Plan is organised around four key decarbonisation levers: SAF, optimising fleet and network (including NGA adoption), operational efficiency, and carbon credits. More detail on each of these levers is presented under the lever headings from page 31 onwards.

## Short-term: 2030 Emissions Guidance

Air New Zealand expects to reduce its Well-to-Wake net GHG emissions by 20 to 25 percent by 2030, compared with a 2019 baseline. This outlook remains in line with the 2030 Emissions Guidance that was issued on 1 May 2025.

The 2030 Emissions Guidance aims to provide a regular and transparent assessment of Air New Zealand's short-term decarbonisation progress and will be updated annually in Air New Zealand's Climate Statement. Each update will reflect the airline's expected net emissions reduction by 2030 from a 2019 baseline based on bottom-up detailed modelling.

The 2030 Emissions Guidance has not been developed with reference to an external target or methodology aligned to a particular global warming pathway. Despite this, the 2030 Emissions Guidance is a useful reference point for tracking near-term decarbonisation progress under the Transition Plan to the 2050 Target.

## Long-term: The illustrative roadmap to the 2050 Target

Beyond 2030, the airline's long-term roadmap, shown on the following page, illustrates a central case scenario[10] for how Air New Zealand could potentially transition to meet its net zero 2050 Target.

Two overarching assumptions shape the 2050 roadmap. First, a long-term growth rate for the aviation sector of 2.76 percent per annum from 2030 to 2050, measured in Revenue Passenger Kilometres (RPK) and based on Boeing's Commercial Market Outlook for the regions in which Air New Zealand operates. This is represented as 'Potential business-as-usual carbon emissions' on Air New Zealand's illustrative roadmap, which shows what the airline's emissions could be if capacity and fuel use grew at this rate. The second assumption is that Air New Zealand will adopt lower carbon technologies (such as SAF, conventional fleet renewal and NGA) when the airline is feasibly and commercially able to do so.

The 2050 roadmap is not a guarantee or forecast of future performance. The pathway is illustrative, not predictive - other combinations of levers may emerge, and some assumptions (such as technology development or policy support) may not eventuate. The roadmap does not guarantee future outcomes or the delivery of specific reductions from each lever. Some elements, such as NGA, depend on technologies not yet commercialised or scaled so their contributions in the roadmap are uncertain and may evolve materially. Air New Zealand intends to update the roadmap annually in its Climate Statement to reflect evolving data, developments, and assumptions.

**Table 2: Major characteristics of the short- and long-term aspects of the Transition Plan**

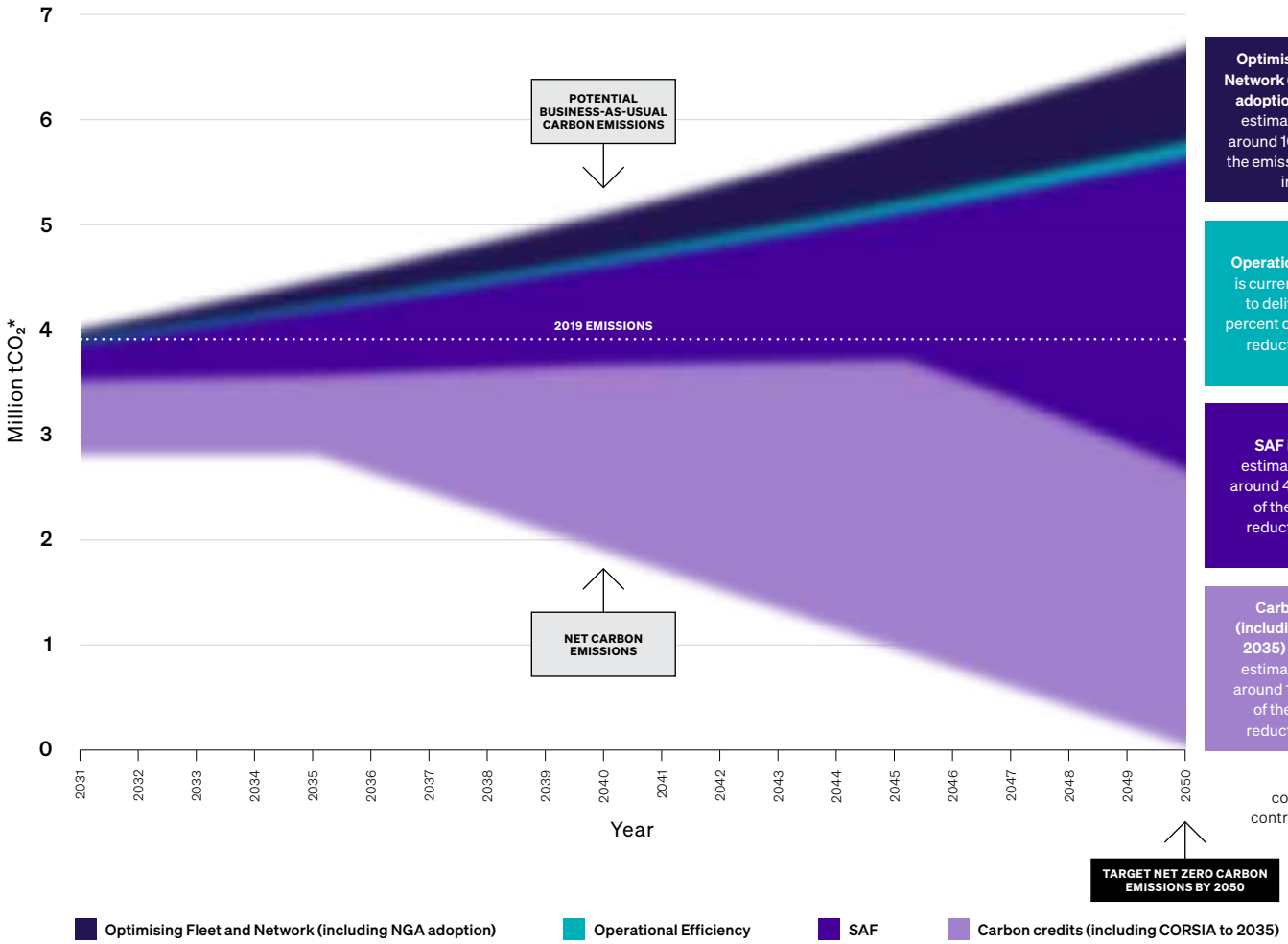
| | Short-term | Long-term |
|---|---|---|
| **Time frame** | 2025-2030 | 2031-2050 |
| **Description** | **2030 Emissions Guidance**<br>In the short-term, the Transition Plan is underpinned by Air New Zealand's five-year fleet and network plan and the airline's planned emissions reduction initiatives.<br>The greater degree of visibility in the short-term has allowed the airline to issue its 2030 Emissions Guidance range, noting that this range may change, including due to factors outside of the airline's control. | **Illustrative roadmap to the 2050 Target**<br>The long-term outlook is guided by the 2050 Target and is inherently more uncertain.<br>It is even more dependent on factors outside the airline's direct control including government policy, access to SAF, infrastructure development, technological advancements, and carbon credit market growth. |
| **Type of measure** | Net reduction measure that covers domestic and international flights, passenger and cargo flights, and revenue and non-revenue flights. | |
| **Modelling approach** | Developed internally and intentionally designed to cover a larger proportion of Air New Zealand's emissions from jet fuel.<br>Short-term modelling is more detailed to reflect the airline's greater visibility over near-term variables (such as the airline's five-year fleet and network plan). | Developed with reference to the IATA 2050 net zero target scope.<br>Modelling contains a greater reliance on external assumptions (such as The Boeing Commercial Market Outlook for growth rates). |
| **Scope of emissions[11]** | $CO_2$-e emissions (including methane and nitrous oxide). | $CO_2$ emissions only. |
| **Scope of jet fuel** | Well-to-Wake emissions for fossil fuels and Well-to-Wake emissions for SAF. | Tank-to-Wake emission for fossil fuel and Well-to-Wake emissions for SAF, hydrogen and electric propulsion (if applicable). |
| **Level of uncertainty** | **Moderate;** conveys an expected range of net emissions reductions by 2030 that represent the current view of possible outcomes. | **High;** illustrative example of Air New Zealand's current view of a potential path of decarbonisation, among many possible pathways. |

10. In addition to the central case modelling (shown in the roadmap), Air New Zealand has modelled a 'low' (pessimistic) and a 'high' (optimistic) case scenario of how a series of measures could make varying contributions to help the airline potentially reach net zero carbon emissions over the period to 2050. The percentage ranges included within three of the coloured boxes to the right of the illustrative roadmap to the 2050 Target are the low to high case percentage ranges for each of those three decarbonisation levers. Operational Efficiency is modelled to contribute 2 percent across all scenarios.
11. Non-$CO_2$ Effects, i.e. impacts that arise from aircraft engine emissions of oxides of nitrogen (NOx), soot particles, oxidised sulphur species, and water vapour are excluded from both the 2030 Emissions Guidance and 2050 roadmap.

# Strategy (continued)

## Air New Zealand's illustrative roadmap for 2031-2050

This roadmap graph illustrates a central case scenario - that is, the airline's view of a possible decarbonisation pathway from 2031 to 2050, following the period covered by the 2030 Emissions Guidance. The coloured segments illustrate the potential relative contribution of each decarbonisation lever within this central case. While the roadmap illustrates just one potential pathway, it is accompanied by indicative 'low' (pessimistic) and 'high' (optimistic) cases. These alternative potential pathways are not shown graphically, but their estimated contribution ranges are presented in the boxes to the right of the roadmap.




**Optimising Fleet and Network (including NGA adoption)** is currently estimated to deliver around 10-19 percent of the emissions reduction in 2050.

**Operational Efficiency** is currently estimated to deliver around 2 percent of the emissions reduction in 2050.

**SAF** is currently estimated to deliver around 40 - 67 percent of the emissions reduction in 2050.

**Carbon Credits (including CORSIA to 2035)** are currently estimated to deliver around 11 - 48 percent of the emissions reduction in 2050.

Note: the actual combination of lever contributions may vary.

### What informs the starting point of the illustrative roadmap?

The roadmap starts in 2031, immediately following the period covered by the 2030 Emissions Guidance. The 2031 emissions level shown is broadly aligned with the 2030 Emissions Guidance. However, it reflects a revised scope to align with the IATA 2050 net zero target. This revised scope in the roadmap includes only $CO_2$ and excludes some emissions sources included in the 2030 Emissions Guidance. As such, the 2031 starting point is indicative only, and actual emissions in that year may vary.

### Why might the use of SAF ramp up so quickly after 2045?

The central case in the model assumes a rapid scale up of SAF in the period from 2045-2050 as technology scales and affordability improves.

### Why might the volume of carbon credit purchases increase from 2035?

Until 2035, Air New Zealand's carbon credit assumptions are based on its anticipated CORSIA obligation. Beyond 2035, Air New Zealand assumes a replacement scheme will require the airline to linearly reduce $CO_2$ emissions to net zero by 2050.

*In the 2024 financial year the roadmap showed emission reductions based on million tonnes of $CO_2$ equivalent (i.e., including methane and nitrous oxide) ($MtCO_2$-e). This year, the roadmap is based on carbon dioxide ($CO_2$) only, to align with the IATA 2050 target scope.

# Strategy (continued)

### What is SAF?

SAF is the global term used by the United Nations, national governments, and the aviation industry to refer to alternative jet fuel that is made from feedstocks other than fossil fuels and which produce lower life cycle emissions than fossil jet fuel. For consistency with the industry, Air New Zealand follows this convention when describing alternative jet fuel, but in doing so acknowledges that, as with all biofuels, SAF still produces emissions over its life cycle, including equivalent emissions to conventional jet fuel when combusted, and may create other adverse impacts on the environment.

There are two predominant types of SAF in use globally: biogenic SAF that is made from feedstocks including used cooking oil, municipal solid waste, and agricultural or forestry byproducts; and power-to-liquid SAF, often called e-SAF, which is produced from water, $CO_2$ sources, and renewable energy. Currently, Air New Zealand expects the majority of SAF produced early in the period to 2050 to be biogenic SAF, which is discussed in more detail in the SAF - biogenic emissions box on the right. Air New Zealand expects e-SAF use to scale later in the period to 2050. The technology, supply chain, and GHG accounting treatment of e-SAF is currently nascent.

Different SAF feedstocks and technologies also have different impacts on land, food systems, labour rights, water use, and land use change, which could all affect the overall societal assessment of SAF as a legitimate decarbonisation tool. Air New Zealand has adopted SAF procurement criteria that screen and exclude potential SAF supply options for these issues, but the way the broader SAF industry responds to them could affect public perceptions about the credible use of SAF overall.

## Sustainable Aviation Fuel (SAF)

SAF is expected to play a significant role in reducing carbon emissions in the Transition Plan. Currently, Air New Zealand estimates that SAF would contribute between 40-67 percent of its emissions reductions by 2050 to meet the 2050 Target. These emissions reductions are based on the majority of jet fuel use in 2050 being SAF; the airline's current expected SAF uplift in 2050 is 60-95 percent of total jet fuel use.

In the short-term, the airline's target to uplift 10 percent of its jet fuel as SAF by 2030 is a key assumption within the 2030 Emissions Guidance. In the 2025 financial year, SAF comprised 1.7 percent of Air New Zealand's total jet fuel usage, which represents an increase from 0.4 percent of total jet fuel in the 2024 financial year and 0.1 percent of total jet fuel in the 2023 financial year.

### SAF – biogenic emissions

SAF is almost chemically identical to jet fuel from fossil sources and generates approximately the same $CO_2$ emissions as fossil jet fuel when combusted in the aircraft's engines. However, the $CO_2$ emitted from the combustion of biofuels is considered biogenic, meaning it equates to the $CO_2$ absorbed by the feedstock before SAF production, as assessed in a 'life cycle assessment'. Multiple standards, such as the GHG Protocol, the New Zealand Ministry for the Environment's (MfE) emissions measurement guidance, and the ICAO CORSIA scheme, treat biofuels as generating no Scope 1 $CO_2$ emissions when combusted. Air New Zealand adopts this conventional treatment in its GHG emissions inventory. This means $CO_2$ emissions from the combustion of SAF purchased by Air New Zealand are not reported as Scope 1 emissions in the airline's GHG emissions inventory. Instead, for transparency, these $CO_2$ emissions are reported separately from Scope 1 in the airline's GHG emissions inventory under biogenic emissions.

Ongoing access to SAF will be necessary for Air New Zealand to achieve its 2050 Target, which could be increasingly challenging in a globally competitive market that is heavily reliant on external technology development to scale and policy support to encourage development and adoption. As such, the airline continues to proactively engage with suppliers and supports efforts to achieve regionally aligned SAF policy in the markets where it operates and globally.

### International supply

All SAF that Air New Zealand has used to date has been uplifted internationally or imported to New Zealand, and international supply is expected to play a significant role in delivering the airline's Transition Plan. Therefore, achieving the airline's goals depends on significant and ongoing global scaling of SAF supply. Global SAF production comprised 0.3 percent of total global jet fuel in the 2024 calendar year and is expected to reach 0.7 percent for the 2025 calendar year.

### Domestic supply

New Zealand does not currently produce any SAF, but has potential to meet some of its future jet fuel needs from domestic feedstocks in the longer term. In the 2025 financial year, Air New Zealand completed two joint feasibility studies on domestically-produced SAF with New Zealand government agencies and a consortium led by technology developer LanzaJet. The studies investigated the opportunity for SAF production from woody biomass and municipal solid waste. The initial results showed that it is technically possible for each feedstock to be used to produce SAF, but significant and early investment in infrastructure would be needed to achieve production by 2030. The studies suggest that domestic production has the potential to improve New Zealand's fuel security and support regional employment. However, domestic SAF production costs would have to reduce significantly for it to be a commercially viable option.

# Strategy (continued)

### High cost of SAF

The SAF production industry is nascent and SAF commands a price premium above fossil jet fuel. The airline's ability to achieve its decarbonisation goals depends on its ability to access SAF at commercially viable prices. Global price premiums for biogenic SAF currently range from just above parity to approximately five-times the cost of fossil jet fuel, depending on the feedstock used, production pathway, and location. Based on current and predicted pricing this is expected to add material cost to Air New Zealand's operations in the future, with other airlines also facing costs to meet SAF obligations in certain markets. Some of the key drivers that could impact commercial viability of SAF are the implementation of SAF uplift requirements, expansion of SAF production subsidies, increases in blend limits to allow greater SAF volumes in jet fuel, wider acceptance of Book and Claim systems, and customer willingness to pay.

### SAFc programme

SAF use can result in two types of emissions savings: the Well-to-Wake emissions savings that accrue to the airline that paid for the SAF (primarily Scope 1 emissions), and the Scope 3 emissions savings that the purchaser of an airfare can contribute towards. These Scope 3 emissions savings are often referred to as SAF 'certificates / credits' or SAFc. In the 2025 financial year, Air New Zealand commenced development of a SAFc programme to help increase SAF uptake, drive demand signals for SAF, and deliver customer value. In December 2024, the airline completed its first business-to-business SAFc transaction to an international organisation for SAF delivered into Air New Zealand's network, and it expects to complete its first local transaction early in the 2026 financial year.

## Optimising fleet and network (including NGA adoption)

Jet fuel use associated with flying is by far the most material contributor to the airline's GHG emissions (see the Metrics and Targets section from page 36). Renewing Air New Zealand's fleet in line with the latest technological developments, and making decisions about where to fly and how often to fly, will significantly influence emissions.

To understand the emissions impact of fleet changes, the Fleet Strategy and Sustainability teams have conducted a detailed aircraft-by-aircraft analysis, which considers growth, fleet renewal time frames, anticipated conventional fleet efficiency savings based on latest technology expectations, and the potential contribution from NGA in the longer term. Technological developments that could support Air New Zealand to reduce the direct emissions from its fleet may be a significant contributor to the 2050 Target. These potential developments can be grouped into three categories:

- **Innovations in airframe design and materials.** This refers to aircraft that are either more aerodynamic and / or lighter than existing aircraft, and may include, for example, blended wing body or use of materials or surfaces that significantly reduce weight and / or drag.
- **More fuel-efficient conventional-propulsion technology.** For example, new generation jet engines such as the Pratt & Whitney 1100G-JM Geared Turbofan Engine on the airline's Airbus fleet; and
- **Emergence of novel propulsion technology.** This refers to what Air New Zealand considers NGA (see 'What are Next Generation Aircraft (NGA)?' on page 33).

Air New Zealand has a demonstration programme with an all-electric aircraft, which is referred to as the Next Generation Aircraft programme.

Together, developments in these three categories including, in the decade after 2040, the introduction of NGA (see 'Next Generation Aircraft' on page 33) are estimated to contribute around 10-19 percent emissions reduction by 2050, compared to a baseline with no new fleet technology adoption. In the 2024 Climate Statement, NGA was included in the illustrative roadmap as a separate lever but is now combined with the conventional fleet and network lever due to the inter-related nature of conventional and NGA fleet replacement and a reduction in the expected contribution of NGA.

### Innovations in airframe design and materials

Innovations in airframe design are included insofar as new conventional fleet aircraft, for example, Boeing 787 Dreamliners, contain incremental improvements (for example, fuselage and wings are constructed using lighter composite materials) when compared with Boeing 777-300ERs, but significant innovations such as blended wing body are not explicitly modelled.

### Conventional-propulsion aircraft

Renewal of the current fleet with more fuel-efficient conventional-propulsion aircraft creates an opportunity to reduce gross emissions.

As all of the airline's aircraft in operation today will need to be replaced by 2050, Air New Zealand's Fleet Strategy team will continue to develop and assess future fleet scenarios. These scenarios may influence the extent to which this emissions reduction lever contributes to achieving the 2050 Target - either positively or negatively.

As at 30 June 2025, Air New Zealand has an average seat-weighted fleet age of 9.4 years[12]. In the 2025 financial year, the airline added one short-term leased Boeing 777-300ER, one leased Airbus A321neo and one owned ATR72-600 to

12. Short-term leased aircraft are not considered when calculating the average seat-weighted fleet age.

# Strategy (continued)

its fleet. There were no fleet retirements in the reporting period. The planned replacement of older aircraft is contingent on aircraft and engine manufacturers being able to deliver Air New Zealand's new aircraft on order within contracted time frames. Given current supply chain issues, this remains a risk to Air New Zealand and the airline industry more generally. This risk is discussed in sections 4.2 Climate-related risks and opportunities and 4.3 Current impacts and anticipated impacts of climate-related risks.

The maintenance of existing fleet is also important for reducing the airline's absolute emissions on the pathway to 2050. Ongoing increased maintenance requirements and supply chain issues with Rolls-Royce engines for the airline's Boeing 787 Dreamliners and Pratt & Whitney engines for its Airbus A321neos mean that some of the most recent and most fuel-efficient fleet additions must be taken out of service. The airline expects this to be an ongoing challenge in the short-term, driven by parts shortages, long wait times for engine servicing, and the need for more frequent maintenance on those engines. To meet network demand, the airline needs to lease aircraft to provide replacement capacity or continue flying older, less fuel-efficient aircraft, such as Boeing 777-300ERs or Airbus A320ceos, longer than planned.

### What are Next Generation Aircraft (NGA)?

NGA is the term Air New Zealand uses to refer to aircraft powered by alternative propulsion that enable a significant reduction in carbon emissions compared to existing technology. This could include hydrogen fuel cells, hydrogen combustion, batteries, or battery hybrids that are used in combination with SAF and / or fossil jet fuel.

NGA currently have significant range limitations. For example, batteries capable of providing sufficient power for aircraft are heavy and do not provide the energy density required for long-haul flights, restricting NGA primarily to shorter routes.

NGA remains in its infancy and is currently subject to material uncertainties, as discussed in sections 4.2 Climate-related risks and opportunities and 4.3 Current impacts and anticipated impacts of climate-related risks, so it is not expected to materially contribute to reducing emissions in the short-term.

### Next Generation Aircraft

NGA are not currently operated by Air New Zealand. If they become commercially available, NGA could be a suitable option for Air New Zealand's Domestic network. This is because of the relatively short distances between New Zealand's domestic destinations, the use of smaller capacity (50-70 passenger) aircraft on many of these routes, and New Zealand's underdeveloped, lower-emissions ground transport alternatives such as rail.

The initial potential opportunity for Air New Zealand to adopt NGA at a meaningful scale is through the replacement or partial replacement of its Q300 turboprop fleet, the airline's smallest aircraft type that flies on regional routes in New Zealand. Replacement of the Q300 fleet is anticipated to take place in the late 2030s.

However, for NGA to replace some or all of the Q300 turboprop fleet would require the commercial availability of scalable NGA technology from aircraft and engine manufacturers as well as significant changes across the regulatory environment, energy sector and airport infrastructure. Given these dependencies and significant uncertainty around aircraft readiness in the late 2030s, NGA is anticipated to play a significantly reduced role in achieving the 2050 Target than expected in the 2024 Climate Statement.

The risks associated with these required developments are discussed in sections 4.2 Climate-related risks and opportunities and 4.3 Current impacts and anticipated impacts of climate-related risks.

### 'Demonstrator' aircraft

Air New Zealand is actively exploring NGA through the lease of a technology demonstrator aircraft and purchase agreements for commercial demonstrator aircraft. To assist with the certification process for NGA, Air New Zealand is supporting BETA Technologies by bringing an early-production ALIA CX300 aircraft to New Zealand, before it receives Federal Aviation Administration (FAA) type certification to operate commercially in the United States, to complete early proving flights and pilot and crew training. The airline has agreed to a term sheet and paid an initial deposit on one battery-powered all-electric aircraft, plus agreed options for two further aircraft and purchase rights for another 20 aircraft. The aircraft will be Air New Zealand's first commercial NGA demonstrator aircraft and is expected to operate on a very short regional route.

Neither the technology demonstrator nor commercial demonstrator will reduce Air New Zealand's carbon emissions. They are intended as a demonstration only of potential uses for NGA and are key to the airline's understanding of the possibilities and challenges that NGA present.

# Strategy (continued)

## Operational Efficiency

Ongoing internal operational efficiency improvements are estimated to contribute less than one percent emissions reduction by 2030, and two percent emissions reduction by 2050. This estimate is based on an extrapolation of the expected impact of a number of potential short-term initiatives, which can be grouped into three main categories:

- Technology developments, including flight efficiency and planning software, and improved data access to drive behavioural shifts;
- Air operations, including policy and procedure changes and training support to embed more efficient practices, for example, single-engine taxiing practices; and
- System-wide improvements involving supply chain partners, for example, fuel tankering avoidance, airport efficiencies including increased use of ground power and pre-conditioned air, and development of a more efficient airspace management system.

The 2050 Target does not rely on any efficiency improvements by the Group's fossil jet fuel suppliers, despite some suppliers' publicly stated, short-term efficiency improvement goals.

## Carbon credits

Carbon credits are expected to address all residual emissions in 2050. 'Residual emissions' refer to emissions that remain after other reductions have been accounted for and that cannot be addressed through other levers under the Transition Plan due to technological, cost or feasibility constraints.

To guide its approach, Air New Zealand developed an internal residual emissions strategy in the 2025 financial year. This strategy formalises, while remaining dynamic, the airline's approach to residual emissions and the use of carbon credits in its Transition Plan.

The airline's 2030 Emissions Guidance is calculated on a net emissions reduction basis and it therefore includes the use of carbon credits. Air New Zealand's anticipated CORSIA obligation in 2030 (alongside a small volume of high integrity voluntary carbon removals credits) will be used to calculate the net component of Air New Zealand's emissions for the purposes of issuing ongoing 2030 Emissions Guidance. The Guidance contains two key assumptions:

1. The ongoing operation of CORSIA in the period to 2030; and
2. Air New Zealand being able to access its required EEU volume.

In addition to CORSIA, Air New Zealand intends to use a small volume of high integrity voluntary carbon credits. These will be removal carbon credits of approximately 11,000 tonnes of $CO_2$-e, to address a portion of its residual emissions in 2030. This is intended to support the development of nature-based carbon removals in New Zealand and engineered carbon removals globally.

Carbon credits are also expected to play a material role in addressing residual emissions in the period up to and including 2050.

The airline currently estimates that eligible carbon credits may be required to address between 11-48 percent of emissions in 2050. This reflects a range of potential outcomes and is highly dependent on the scale and pace of SAF uptake, adoption of more fuel-efficient fleet, and operational efficiency.

Air New Zealand assumes that after CORSIA finishes in 2035, a successor compliance obligation will arise that requires a linear step-down in residual emissions to meet net zero by 2050. Even if that does not occur, Air New Zealand intends to use carbon credits on a voluntary basis, as required, to meet net zero by 2050.

The airline intends to only use carbon credits that are verified and / or certified in line with reputable external schemes or standards to address residual emissions. The airline expects that the nature of carbon credits that are considered high integrity will evolve over time, driven by changes in policy and standards, public and investor acceptance, development and scale of engineered carbon removal technologies, and development of the market for high integrity carbon credits.

## Other initiatives

In addition to the Transition Plan, Air New Zealand has undertaken other initiatives, including advocacy and improving awareness of emissions generated on Air New Zealand's services. While these other initiatives do not directly reduce emissions, they are an important aspect of Air New Zealand's overall strategy.

### Influencing industry and policy to support sustainable aviation

Air New Zealand cannot reduce its emissions and deliver its Transition Plan alone. Aviation decarbonisation will require coordinated decision-making across the transport, energy, trade and tourism sectors. It will be a journey that Air New Zealand shares with other airlines, the aviation supply chain, customers, and policymakers across its network and the world.

Air New Zealand continues to engage with domestic and international climate change policy and regulation. In the 2025 financial year, for example, this included submissions on the New Zealand Government's second Emissions Reduction Plan (ERP2), the Australian Government's Low Carbon Liquid Fuels consultation, the Electricity Authority's proposed changes to distribution connection pricing and the Network connections project – stage one, and a submission to the FMA on delayed adoption provisions for the climate-related disclosure regime.

Air New Zealand also engages in industry-wide conversations on decarbonisation and climate-related issues through

# Strategy (continued)

various forums including, but not limited to:

- Aviation industry groups, such as IATA, the Board of Airline Representatives of New Zealand (BARNZ), and global initiatives like the World Economic Forum's Clean Skies for Tomorrow Coalition;
- Sustainability-focused certification bodies, including the International Sustainability & Carbon Certification (ISCC) and the Roundtable on Sustainable Biomaterials (RSB);
- Sustainability-specific aviation groups, such as the Sustainable Aviation Fuel Alliance of Australia and New Zealand (SAANZ), Bioenergy Australia, and Sustainable Aviation Aotearoa (SAA), which included government representatives before its work was paused in May 2025; and
- Cross-sector sustainability organisations, including the Sustainable Business Council's Climate Leaders Coalition and The Aotearoa Circle.

### Supporting customers to understand and mitigate their emissions

Through the 2025 financial year, Air New Zealand offered several programmes to help customers understand and mitigate their emissions.

Air New Zealand offers a Corporate Emissions Platform and a Cargo Emissions Platform to its corporate and cargo customers. These platforms provide customers with data on the emissions impact when they fly with or book via Air New Zealand.

In the 2025 financial year, the airline also commenced development of a SAFc Scope 3 programme that allows business customers to contribute to increased SAF uptake and reduce their Scope 3 emissions footprint (see 'SAFc programme' on page 32).

For retail customers, the airline continues to offer the Voluntary Emissions Contribution Programme (VECP). In the 2025 financial year, 2.6 percent of bookings made through online storefronts, where the VECP is available, contributed to the programme, and their contributions went to two initiatives. First, $684,000 of their contribution went to Trees That Count to enable the planting of 85,474 native trees across New Zealand. Second, customers' contributions also went towards carbon credits for 43,673 tonnes of $CO_2$-e. All of these credits have been retired on behalf of Air New Zealand.

Air New Zealand expects that, as customers' understanding of climate change, and their expectations of organisations' emissions mitigation plans, evolve, new and innovative ways to engage with those customers will be required.

# Metrics and Targets

## 5.1 Metrics relevant to all entities

### Greenhouse gas emissions

The Selected GHG emissions disclosures[13] in this section have been prepared and are presented in accordance with the NZ CS. The GHG emissions inventory published in this section covers the Group's 2025 financial year and has been measured in accordance with *The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) (GHG Protocol)* and the *Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011) (GHG Protocol Value Chain Standard*). It is a complete quantification of the amount of GHG emissions that can be directly attributed to the Group's operations within the declared boundary and scope for the specified reporting period. Any exclusions from reporting are disclosed on page 38 alongside the rationale.

Air New Zealand has been calculating its GHG emissions on an annual basis since the 2011 financial year. The base year for Scope 1 and 2 emissions is the 2019 financial year. In the 2025 financial year, the Group also set a base year for Scope 3 emissions. For Scope 3, category 3, which covers upstream emissions as well as transmission and distribution losses relating to purchased energy (fuel- and energy-related emissions), the base year has also been set to the 2019 financial year. This is to align with the baseline year of the Group's 2030 Emissions Guidance, which includes Well-to-Tank emissions from jet fuel reported under category 3. For all other Scope 3 categories, the base year has been set to the 2024 financial year, being the first year that all material emissions categories were included in the inventory.

A recalculation of the base years shall be triggered by structural changes to the Group, changes in methodology, or identification of omissions that meet a 5 percent significance threshold.

The 2019 base year emissions were recalculated this year to include emissions from Scope 3, category 3 for the first time. A recalculation of the 2024 base year for all other Scope 3 categories was not required.

#### Consolidation approach and organisational boundaries

Air New Zealand applies an operational control approach to determine the boundary of its GHG emissions inventory. This means that 100 percent of the emissions from operations over which Air New Zealand, or one of its subsidiaries, has control are accounted for.

None of Air New Zealand's subsidiaries are excluded from this GHG emissions inventory. Most do not emit any GHG emissions, and those that do are reported within the Group. For a list of all subsidiaries under Air New Zealand Group as at 30 June 2025, and how each entity is treated for GHG accounting purposes, refer to page 3 in the Group's GHG Emissions Inventory Report 2025 (GHG Report 2025).

#### Source of emission factors and Global Warming Potential (GWP) rates

Air New Zealand calculates emissions by multiplying activity data with appropriate emissions factors. The sources of emission factors and global warming potential (GWP) rates used are included in Table 5 on pages 40 to 42. All emissions disclosed in these Selected GHG emissions disclosures are expressed in total tonnes of carbon dioxide equivalent ($tCO_2$-e). The time horizon in all cases is 100 years.

13. 'Selected GHG disclosures' refers to the disclosures covered in the 'Greenhouse gas emissions' section within this Climate Statement (page 36 - 43) and is defined in detail in Deloitte's assurance report.

# Metrics and Targets (continued)

Table 3: GHG emissions inventory by Scope and category in $tCO_2$-e

| Emissions source | 2025 | 2024 | 2023 | 2019 |
|---|---|---|---|---|
| **Scope 1** | **3,157,207** | **3,250,851** | **2,839,358** | **3,925,650** |
| Jet fuel – domestic | 580,291 | 604,348 | 621,444 | 629,876 |
| Jet fuel – international | 2,571,440 | 2,639,807 | 2,210,836 | 3,286,502 |
| Jet fuel – ground | 25 | 255 | 953 | 941 |
| Sustainable Aviation Fuel (SAF)[14] | 406 | 87 | 108 | - |
| Other fuels[15] | 4,670 | 6,336 | 6,017 | 8,331 |
| Fugitive refrigerants | 375 | 18 | - | - |
| **Scope 2** | **2,598** | **2,049** | **3,357** | **3,098** |
| Electricity consumption (location-based) | 2,598 | 2,049 | 3,357 | 3,098 |
| **Scope 3** | **1,071,226** | **1,026,989** | **857,031** | **787,948** |
| Category 1: Purchased goods and services | 266,911 | 239,391 | 218,032 | - |
| Category 2: Capital goods | 99,930 | 84,043 | 62,215 | - |
| Category 3: Fuel- and energy-related activities | 678,742 | 685,745 | 570,462 | 787,948[16] |
| Category 5: Waste generated in operations | 1,704 | 665 | 620 | - |
| Category 6: Business travel | 5,749 | 6,354 | 5,702 | - |
| Category 7: Employee commuting | 17,091 | 9,952 | - | - |
| Category 15: Investments | 1,099 | 839 | - | - |
| **Total reported Scope 1, 2, 3 emissions** | **4,231,031** | **4,279,889** | **3,699,746** | **4,716,696** |
| Biogenic emissions[17] | 55,455 | 13,487 | 3,927 | 725 |

14. Methane ($CH_4$) and nitrous oxide ($N_2O$) only.
15. Other fuel combustion includes diesel use in ground service equipment (mobile and stationary), diesel and petrol use in vehicle fleet, LPG and natural gas used for heating as well as engine oil used on aircraft. This also now incorporates emissions from wood pellets used for heating, which were listed separately in last year's inventory.
16. Scope 3, category 3 emissions are included in this inventory for the first time, with the base year for this Scope 3 category now set to 2019.
17. Includes direct biogenic emissions from the combustion of SAF and the burning of wood pellets.

# Metrics and Targets (continued)

## Operational boundaries

In alignment with the GHG Protocol, Air New Zealand's GHG emissions inventory is split into three Scopes:

**Scope 1** includes direct emissions occurring from the airline's operations, most notably from the combustion of fossil jet fuel on domestic and international flights. Smaller emission sources include the combustion of fuels for heating (LPG, natural gas and wood pellets) and transport (diesel and petrol) as well as emissions from refrigerant leaks and from the combustion of engine oil.

**Scope 2** covers emissions from the generation of purchased electricity consumed at Air New Zealand-operated sites. Electricity emissions are calculated using the location-based method.

**Scope 3** refers to all other indirect emissions across Air New Zealand's value chain, both upstream and downstream, and can be divided into 15 different categories according to the GHG Protocol Value Chain Standard.

Air New Zealand strives to disclose all Scope 1 and 2 emissions, due to the Group's influence over these emissions. However, where the effort and difficulty of obtaining accurate data outweigh the benefits, for example, where emissions are small and / or Air New Zealand's ability to influence emissions reductions is limited, some immaterial exclusions apply (see Table 4).

In addition to Scope 1 and 2, the following Scope 3 categories are quantified within the Group's GHG emissions inventory:

- **Category 1:** Purchased goods and services;
- **Category 2:** Capital goods;
- **Category 3:** Fuel- and energy-related activities;
- **Category 5:** Waste generated in operations;
- **Category 6:** Business travel;
- **Category 7:** Employee commuting (including emissions associated with working from home); and
- **Category 15:** Investments.

Three categories were identified as not applicable:

- **Category 10:** Processing of sold products;
- **Category 13:** Downstream leased assets. Not applicable in the 2025 financial year; and
- **Category 14:** Franchises.

The remaining five categories are excluded from the Group's emissions inventory. They have been identified as sitting outside of the minimum reporting boundary outlined by the GHG Protocol Value Chain Standard or being immaterial, and disproportionally difficult to obtain data for:

- **Category 4:** Upstream transportation and distribution;
- **Category 8:** Upstream leased assets;
- **Category 9:** Downstream transportation and distribution;
- **Category 11:** Use of sold products; and
- **Category 12:** End-of-life treatment of sold products.

Categories not covered in the airline's GHG emissions inventory are reviewed annually and may be included in future disclosures if they become material or applicable.

Additional individual emission sources not included within reported Scopes or categories are summarised in Table 4.

**Table 4: Individual emission sources excluded from Air New Zealand's GHG emissions inventory**

| Emissions Scope / category | Excluded emissions activity | Reasons for exclusion |
|---|---|---|
| **Scope 1:** Fuel combustion (diesel) | Fuel use by offshore Ground Service Equipment (GSE) and vehicle fleet | Difficulty obtaining data. Immaterial |
| **Scope 2:** Electricity consumption | Electricity used for charging EV fleet where this is done offsite | Difficulty obtaining data. Immaterial |
| **Scope 3 – category 5:** Waste generated in operations | Wastewater<br>Waste from some smaller, leased sites | Difficulty obtaining data. Immaterial<br>No data available as waste contracts held by lessors |
| **Scope 3 – category 15:** Investments | Vehicles driven by Christchurch Engine Centre | Immaterial |

# Metrics and Targets (continued)

## Methods, assumptions and uncertainties

Air New Zealand's GHG emissions inventory covers all material emission sources and has generally adopted the most specific calculation methods that its data currently allows.

In general, GHG emissions accounting relies on assumptions and estimates that lead to estimation uncertainty. The effect of this uncertainty is that emissions might be over- or understated, so the corresponding categories' emissions data should be interpreted accordingly. Table 5 on pages 40-42 provides an overview of the emission sources covered by Air New Zealand's GHG emissions inventory, including calculation methods, assumptions made, and an assessment of the uncertainty for each emissions source.

Air New Zealand uses a qualitative assessment of uncertainty as a measure of data quality, with a focus on parameter uncertainty. Uncertainty is highest where data limitations require the airline to adopt the spend-based method, because product- or supplier-specific data are not currently available. This method multiplies the value of purchased goods or services by an emissions intensity for the commodity per dollar of expenditure. Emissions calculated using the spend-based method currently make up 8.5 percent of the airline's overall GHG emissions inventory.

While the GHG Protocol Value Chain Standard highlights that higher uncertainty for Scope 3 emissions is acceptable, the spend-based method has limitations: the activity data used are allocated into purchasing categories rather than organised by individual product and service type; and, similarly, emission intensities refer to high level commodity groups and are calculated using underlying assumptions that might not be applicable to the actual purchases by the airline.

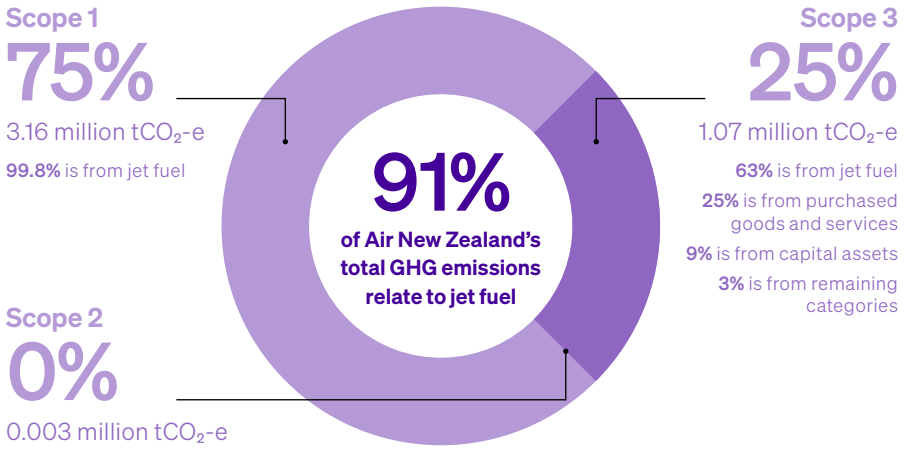
Uncertainty remains relatively high for employee commuting emissions. The calculation method applied relies on employee participation in a survey or conservative assumptions on the mode of transport used. While historical, country-wide Stats NZ averages of commuting distances applied in the 2024 financial year calculation have been replaced by Air New Zealand-specific data for the 2025 financial year, meaning the activity data used are more representative in terms of time and geography, opportunities to reach low uncertainty are limited as commuter data is inherently difficult to track. Further detail on the calculation methodology used for this category, including changes made from the prior year, can be found on page 7 in Air New Zealand's GHG Report 2025.

Air New Zealand has made other minor improvements across its GHG emissions inventory in the 2025 financial year to reduce uncertainties. The airline is committed to continuing this work by engaging with suppliers and improving data quality where possible.

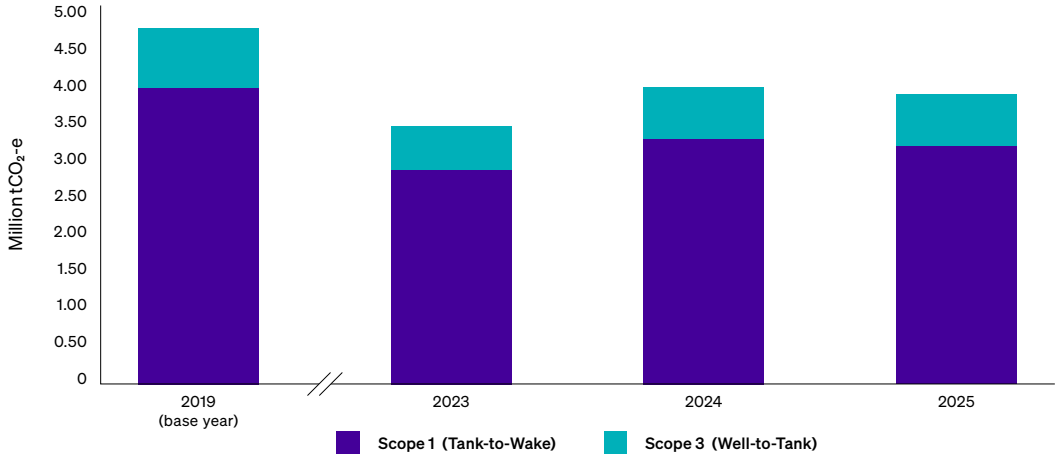
## GHG emissions assurance

Selected GHG disclosures[18] included within this Climate Statement are assured by Deloitte Limited, with reasonable assurance provided for Scope 1 and 2 emissions and related disclosures, and limited assurance over Scope 3 emissions and related disclosures. Refer to Deloitte Limited's assurance report in section 6.1 Assurance report on pages 49 to 51.

### Emissions snapshot 2025




### Well-to-Wake emissions from jet fuel over time in $tCO_2$-e[19]




18. 'Selected GHG disclosures' refers to the disclosures covered in the 'Greenhouse gas emissions' section within this Climate Statement (page 36 - 43) and is defined in detail in Deloitte's assurance report.
19. The 2024 Climate Statement included a bar graph showing direct jet fuel emissions only. This year, it has been updated to cover jet fuel-related Well-to-Wake emissions, to align with the scope of the 2030 Emissions Guidance.

# Metrics and Targets (continued)

Table 5: Emission calculation methods, assumptions and uncertainty

| Scope / category | Activity | Calculation method | Activity data source | Emission factor and GWP source | Assumptions / estimations | Level of uncertainty |
|---|---|---|---|---|---|---|
| **Scope 1** | | | | | | |
| Jet fuel (domestic and international) | Fuel used to operate aircraft | Fuel-based method | Supplier invoices reconciled with internal systems | MfE (2025): Aviation fuel (kerosene); AR5 | | Low uncertainty. |
| Jet fuel (ground) | Fuel used for ground engine testing | Fuel-based method | Actual use records reconciled with supplier invoices | MfE (2025): Aviation fuel (kerosene); AR5 | | Low uncertainty. |
| Sustainable Aviation Fuel (SAF) | SAF purchased by Air New Zealand | Fuel-based method | Supplier certificates reconciled with supplier invoices | MfE (2025): Aviation fuel (kerosene) – $CH_4$ and $N_20$ only; AR5 | Assumes $CH_4$ and $N_20$ emissions that occur from the combustion of SAF are comparable to those from the combustion of fossil jet fuel. | Some emission factor uncertainty that is considered acceptable as there is currently no more accurate data available, and emissions are immaterial. |
| LPG | LPG combusted for heating in Christchurch and Nelson | Fuel-based method | Supplier invoices | MfE (2025): LPG (industrial); AR5 | | Low uncertainty. |
| Natural gas | Natural gas combusted for heating in Auckland | Fuel-based method | Supplier invoices | MfE (2025): Natural gas (industrial); AR5 | | Low uncertainty. |
| Diesel | Diesel combusted in GSE and vehicle fleet | Fuel-based method | Supplier invoices | MfE (2025): Diesel (Transport fuel); AR5 | Assumes that all diesel from tanks is combusted for mobile use, as it is not possible to differentiate fuel use by GSE type. | Low uncertainty. |
| Petrol | Petrol combusted in vehicle fleet | Fuel-based method | Supplier invoices | MfE (2025): Petrol / premium petrol (Transport fuel); AR5 | | Low uncertainty. |
| Engine oil | Engine oil used to ensure engine system operates effectively and safely | Fuel-based method | SAP transactions | MfE (2025): Heavy fuel oil (Transport fuel); AR5 | Assumes all uplifted oil is burnt. | Moderate uncertainty in activity data as some oil might not be burnt, therefore emissions are slightly overestimated. As engine oil emissions are small this is considered negligible. |
| HFC | Fugitive HFC losses from HVAC systems or chillers | Top-up method | Service provider reports | MfE (2025): R-134a / R32 / R410a / R-290 / 404a; AR5 | | Low uncertainty. |
| Wood pellets | Wood pellets burned for heating in Christchurch | Fuel-based method | Supplier invoices | MfE (2025): Wood (commercial pellets) - $CH_4$ and $N_20$ only; AR5 | Assumes all purchased wood pellets are burned. | Some emission factor uncertainty as disclosed by MfE that is considered adequate as the emissions source is immaterial. |
| **Scope 2** | | | | | | |
| Electricity | Electricity consumed at Air New Zealand operated sites, including to charge electric GSE | Location-based method | Supplier invoices reconciled with meter data from energy efficiency system | MfE (2025): Electricity (annual average); AR5 | | Low uncertainty. |

# Metrics and Targets (continued)

Table 5: Emission calculation methods, assumptions and uncertainty (continued)

| Scope / category | Activity | Calculation method | Activity data source | Emission factor and GWP source | Assumptions / estimations | Level of uncertainty |
|---|---|---|---|---|---|---|
| **Scope 3** | | | | | | |
| **Category 1 –** Purchased goods & services | Extraction, production, and transportation of goods and services purchased in 2024, not otherwise included in categories 2 - 8 | Spend-based method | General Ledger | Auckland Council Consumption Emissions (2023): 26 categories; AR4 (adjusted for inflation) | Categorisation of activity data is high level. Emission factors applied refer to high level commodity groups. | High uncertainty from emission factors used and high-level categorisation of purchased products and services. This is a priority category to further reduce uncertainty. |
| **Category 2 –** Capital goods | Extraction, production, and transportation of capital goods (including aircraft and engines) acquired in 2025 | Average-product method for newly acquired aircraft; spend-based method across remaining assets | Fixed Asset Register | Auckland Council Consumption Emissions (2023): 15 categories; AR4 (adjusted for inflation)<br>Ecoinvent via SimaPro (accessed July 2025): very short haul passenger aircraft / long haul passenger aircraft; AR6 | Proxy emissions data used to calculate upstream emissions from aircraft acquired in 2025. Emission factors used for spend-based method refer to high level commodity groups. | High uncertainty from emission factors used and high-level categorisation of purchased assets, especially where using spend-based factors. This is a priority category to further reduce uncertainty. |
| **Category 3 –** Fuel- and energy-related activities | Extraction, production, and transportation of fuels and energy purchased in 2025, not already accounted in Scope 1 and 2 | Average-data method | Same as Scope 1 and 2 fuel and energy data | DEFRA (2025): WTT Liquid Fuels – Aviation Turbine / Fuel oil / Diesel / Petrol, WTT gaseous fuel – LPG / Natural Gas; AR5<br>MfE (2025): Natural Gas – T&D losses / Electricity T&D losses; AR5<br>Agrilink (2023): WTT NZ Electricity; AR6<br>SAF supplier certificates (2025); AR5 | | Some uncertainty from the use of average emission factors, including for SAF as the supplier uses default values published by ICAO. This is considered adequate as it uses the best data currently available. Conversations with suppliers are ongoing to obtain supplier-specific data relevant to upstream emissions. |
| **Category 5 –** Waste generated in operations | Landfill and organic waste disposed of by Air New Zealand employees, customers, and contractors across 61 sites. Inflight food and other waste from international flights returning to Auckland | Waste-type specific method | Supplier reports on weight of waste picked up, by waste stream per site | MfE (2025): Waste (unknown composition) – Office waste to landfill with gas recovery / Waste (unknown composition) – General waste to landfill / Biological treatment of waste –composting / Waste (known composition) – Food waste to landfill with gas recovery; AR5 | Assumes landfills with gas recovery and commercial composting facilities are used. Assumes waste collected and reported by service providers belongs to Air New Zealand only and is not from a shared waste station. Assumes waste at leased sites where the lessor holds the waste contract is captured by the contract owner and therefore not included by Air New Zealand. | Moderate uncertainty over activity data as waste data is not separated into more specific waste streams. Minor uncertainty from emission factors as they represent a New Zealand average rather than being site specific. This is considered adequate as the emissions source is immaterial. |
| **Category 6 –** Business travel | Air travel on other airlines, hotel stays, travel in rental cars, taxis or employees' own vehicles where this was reimbursed by the Group | Distance-based method for all except taxi travel and employee mileage, where the spend-based method is applied | Supplier reports for crew and pilot travel, and rental car trips. Internal booking systems' reports for other employees' business travel. General ledger for spend on taxis and mileage claims | MfE (2025): Accommodation (relevant countries and nearby country factors for countries not available in MfE factors) / International air travel with radiative forcing / Taxi Travel Regular – dollars spent / Vehicle type km (2015 – 2020 Fleet) /; AR5<br>DEFRA (2025): Regular Taxi – km; AR5 | Assumes that employees use preferred booking methods for duty travel. Assumes taxis are petrol vehicles and the most direct route per trip is used. Hotel stays are calculated using country-specific factors, but are not specific to the type of accommodation. | Moderate uncertainty as some activity data relies on conservative assumptions, and most emission factors are averages. This is considered adequate as the emissions source is relatively small, there is a high level of control over key booking systems, and difficulty obtaining more accurate data. |

# Metrics and Targets (continued)

Table 5: Emission calculation methods, assumptions and uncertainty (continued)

| Scope / category | Activity | Calculation method | Activity data source | Emission factor and GWP source | Assumptions / estimations | Level of uncertainty |
|---|---|---|---|---|---|---|
| **Category 7 –** Employee commuting (including emissions associated with working from home) | Employee commute, and energy use associated with working from home | Distance-based method | HR reports for staff per location and business unit, and anonymised location data for return distance to work. Wynyard Quarter Transport Management (WQTMA) survey results for Auckland head office staff. Supplier records for crew transport to airports. Sum of annual work starts for crew and pilot commuting. Swipe card data for average attendance by employee group. | MfE (2025): Private petrol car / Working from home (default); AR5<br>DEFRA (2025): Average car km petrol / Homeworking; AR5 | Commuting data for Auckland head office employees is based on survey results from October 2024. The number of days commuted by pilots and cabin crews is based on actual work starts. For all other employee groups, the number of days commuted is based on anonymised internal data, as are the distances travelled. Employees are assumed to commute for 46 weeks per year. Other than Auckland head office employees, all employees are assumed to commute by petrol vehicle. | Despite improvements to the calculation in 2025, uncertainty remains relatively high as emissions are based on multiple assumptions. This is considered adequate due to difficulties in tracking accurate data, but the category remains a focus area for further reduce uncertainty. |
| **Category 15 –** Investments | Fuel and electricity use by Christchurch Engine Centre | Investment-specific method | Supplier invoices for Christchurch Engine Centre facilities. | MfE (2025): Aviation fuel (kerosene) / LPG (industrial) / Electricity (annual average); AR5 | | Low uncertainty. |
| **Other** | | | | | | |
| Biogenic emissions | SAF and wood pellets combusted by Air New Zealand | Fuel-based method | Supplier certificates and invoices | MfE (2025): Aviation fuel (kerosene) – $CO_2$ only / Wood – Pellets (Commercial use) – Biogenic $CO_2$-e/unit; AR5 | Assumes the carbon emissions created from the combustion of SAF are the same as from the combustion of fossil jet fuel, however, they are biogenic and considered to be neutral, and therefore accounted for separately. | Low uncertainty. |

**Sources for the emission factors and GWP rates used:**

MfE (2025): Ministry for the Environment (NZ) 'Measuring emissions guide: 2025 Emissions Factor Workbook', via https://environment.govt.nz/publications/measuring-emissions-guide-2025/

DEFRA (2025): Department of Environment, Food and Rural Affairs (UK) 'Greenhouse gas reporting: conversion factors 2025: full set', via https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2025

Auckland Council (2023): 'Consumption Emissions Modelling', via https://www.knowledgeauckland.org.nz/media/2593/consumption-emissions-modelling-market-economics-march-2023.pdf

Ecoinvent: 'aircraft production, passenger aircraft, long haul', via https://ecoquery.ecoinvent.org/3.11/cutoff/dataset/19708/documentation and 'aircraft production, passenger aircraft, very short haul', via https://ecoquery.ecoinvent.org/3.11/cutoff/dataset/21236/documentation (values accessed via SimaPro)

Agrilink (2023): 'New Zealand fuel and electricity total primary energy and like cycle greenhouse gas emissions factors 2023', via https://agrilink.co.nz/wp-content/uploads/2024/03/Fuel-LCA-emission-factors-2023-2.pdf

AR5: Intergovernmental Panel on Climate Change (IPCC) 'Climate Change 2013: The Physical Science Basis', via https://www.ipcc.ch/report/ar5/wg1/

AR4: IPCC 'Climate Change 2007: The Physical Science Basis', via https://www.ipcc.ch/report/ar4/wg1/

AR6: IPCC 'Climate Change 2021: The Physical Science Basis', via https://www.ipcc.ch/report/sixth-assessment-report-working-group-i/

# Metrics and Targets (continued)

## Analysis of trends in GHG emissions

In the 2025 financial year, Air New Zealand emitted 4.2 million tonnes of $CO_2$-e across its direct and indirect emission sources (Scopes 1, 2 and 3). This is a reduction of 1.1 percent from the prior year.

### Jet fuel

Total Well-to-Wake emissions associated with jet fuel, which include jet-fuel related emissions across all Scopes, decreased by 2.5 percent compared to the 2024 financial year and by 18.6 percent from the 2019 financial year.

After the 2019 base year, the airline experienced a significant drop in jet fuel emissions due to lower demand for travel during the Covid-19 pandemic. Jet fuel emissions from international flights increased steadily between the 2020 financial year and the 2024 financial year but reduced slightly in the 2025 financial year as a result of emissions reductions achieved through the increased use of SAF, and a number of grounded aircraft unable to fly resulting from engine availability issues.

Domestic air travel emissions have been more variable since the base year, almost reaching pre-Covid-19 levels in the 2023 financial year before dropping again in the two reporting years since. This drop is largely due to corporate and government travel demand reducing.

### Other Scope 1

Other fuel use emissions have dropped by 26.3 percent from last year, and 43.9 percent since the 2019 base year. The key drivers here are reductions in diesel and natural gas use, which combined make up about 81.1 percent of Scope 1 emissions from other fuel use, as the Group continues to electrify its ground-based operations.

Reported refrigerant emissions have increased significantly from last year as the inventory now includes data from regional airport sites operated by Air New Zealand.

### Scope 2

Electricity emissions have seen an increase of 26.8 percent from last year, which is due only to lower renewable electricity generation in New Zealand. As a result, the emissions factor for electricity increased by 38.7 percent on last year, whereas Air New Zealand's electricity consumption decreased by 8.6 percent. Compared to the 2019 financial year, Scope 2 emissions reduced by 16.2 percent.

### Scope 3

Scope 3 emissions increased by 4.3 percent compared to the 2024 financial year, despite the reduction in fossil jet fuel impacting category 3 emissions. This increase is primarily the result of increased costs driving up emissions in categories 1 and 2 as these are calculated using the spend-based method. For example, costs associated with the construction of the new hangar at Auckland Airport, an increase in purchases of spare parts, and an increase in fleet maintenance. Additionally, the airline experienced price increases higher than average New Zealand inflation across a variety of products purchased as well as higher fees, levies and charges leading to an increase in the emissions reported.

Emissions from waste generated in operations (category 5) have increased compared to last year as they now include emissions from inflight waste from international flights arriving into Auckland. A lot of this is methane-generating food waste, which for biosecurity reasons is required to be disposed of in landfill. Employee commuting emissions (category 7) have increased by 71.7 percent compared to last year. This is primarily a result of a change in the calculation methodology, which now uses Air New Zealand employee-specific commuting distances as well as data from the airline's internal swipe card data system to determine the number of days worked on-site for each employee group (both anonymised and aggregated). The increase in emissions from the changes in these two categories is below the significance threshold and therefore does not warrant a recalculation of last year's inventory.

# Metrics and Targets (continued)

## GHG emissions intensity

Aviation specific GHG intensity metrics provide a measure of emissions generated for each tonne of payload flown or each available seat. Seat availability is measured in Available Seat Kilometre (ASK) and payload carriage is expressed as Revenue Tonne Kilometre (RTK). Both of these, and Well-to-Wake emissions, are prominent metrics for benchmarking airline carbon intensity and are explained in more detail in section 7.2 Appendix B: Glossary.

### Analysis of trends in GHG intensity metrics

As shown in Table 6, GHG emissions intensity per ASK has seen improvements almost consistently since the 2019 financial year, which is due to a higher proportion of the airline's capacity being flown on more fuel-efficient aircraft over this period. The slight increase in the 2025 financial year can be attributed to the ongoing engine issues for the airline's most efficient Boeing 787 Dreamliners and Airbus A321neos, which resulted in an increased reliance on less efficient aircraft.

The reductions across the two emissions intensity metrics per RTK indicate that these challenges were partially mitigated by improved loads, both across cargo and passengers. The peak in the 2023 financial year occurred due to less international flying activity following the Covid-19 pandemic.

Table 6: GHG emissions intensity metrics

| Metric | 2025 | 2024 | 2023 | 2019 |
|---|---|---|---|---|
| Grams of $CO_2$-e per Available Seat Kilometre (ASK)[20] | 78 | 77 | 79 | 85 |
| Grams of $CO_2$-e per Revenue Tonne Kilometre (RTK)[20] | 710 | 734 | 765 | 762 |
| Grams of Well-to-Wake $CO_2$-e per Revenue Tonne Kilometre (RTK)[21] | 862 | 889 | 918 | 916 |

## Amount or percentage of assets or business activities vulnerable to transition risks

Air New Zealand currently uses two metrics to describe the amount of business activities vulnerable to transition risks (see Table 7):

- **The proportion of revenue-generating operations that currently relies on fossil jet fuel.** This includes revenue generated from all domestic and international routes on its network; and
- **The proportion of revenue-generating operations that is currently estimated to generate an emissions pricing obligation.** This metric includes domestic routes that are subject to NZ ETS obligations through the 2025 financial year and forecast emissions pricing obligations in the CORSIA scheme for the 2025 financial year. The CORSIA obligations are estimated by including fuel use on all routes to and from countries that are current participants in the CORSIA scheme, multiplied by the mid-point of the IATA Sectoral Growth Factor forecasts. The increase compared to the 2024 financial year is primarily driven by a higher forecast CORSIA obligation due to increased IATA Sectoral Growth Factor forecasts.

While these metrics do not capture every material transition risk identified in section 4.2 Climate-related risks and opportunities, they remain useful because they show the extent of business activities vulnerable to transition risks, are expected to change over time as emissions pricing regimes and the airline's use of fossil jet fuel evolve, and can be calculated with a high degree of accuracy.

Table 7: Assets or business activities vulnerable to transition risks

| Metric | Unit | 2025 | 2024 |
|---|---|---|---|
| Proportion of revenue-generating operations that currently relies on fossil jet fuel | % of revenue | 93% | 94% |
| Proportion of revenue-generating operations that is currently estimated to generate emissions pricing obligations | % of revenue | 37% | 34% |

20. Measured based on Scope 1 jet fuel emissions from flying activity (including fossil jet fuel and $N_2O$ and $CH_4$ emissions from SAF).
21. Measured based on Scope 1 and 3 jet fuel emissions related to flying activity (including SAF and fossil jet fuel).

# Metrics and Targets (continued)

## Amount or percentage of assets or business activities vulnerable to physical risks

Air New Zealand currently uses three metrics to assess the airline's vulnerability to physical risks:

- **Aircraft value as a proportion of total assets.** Aircraft are a significant portion of the airline's asset base and may be exposed to risk of damage due to increased frequency and magnitude of acute weather events. For example, aircraft may be susceptible to damage from lightning strikes, hail, and hard landings in high-wind conditions, which could lead to greater maintenance costs and aircraft being out of service. This metric has not changed significantly since last year;
- **Proportion of assets, by value, that are 'immovable' and subject to increasing flood risk.** In the 2024 financial year, the airline assessed the exposure of the ports within its network to flooding, coastal erosion and coastal inundation under SSP1-2.6, SSP2-4.5, and SSP5-8.5 over different time periods out to 2100. This analysis was deemed relevant again in the 2025 financial year. If the exposure of a port was deemed high under any of these scenarios (for any of the three hazards stated above) in or before 2100, then the total value of immovable assets at those locations was considered at risk, thus taking a conservative view. The domestic ports that were rated as both high exposure and with material immovable assets were Auckland, Wellington, and Nelson. As such, the total value of immovable assets at ground level at Nelson, Wellington and Auckland[22] were deemed vulnerable for the purpose of this metric. This metric does not factor in any mitigations or insurances in place to protect the airline from financial impacts associated with this vulnerability. Other locations are excluded because the exposure and / or asset value at other airports and facilities are not considered material. Similar to the metric above, there is no significant change from the 2024 financial year; and
- **Weather-related delays and cancellations.** The three weather-related metrics serve as a proxy for the exposure of the airline's operations to disruption from more severe and frequent weather events. They are considered helpful because changes in these metrics over time should represent changes to the airline's exposure to, and ability to manage, operational disruptions caused by weather. These metrics are imperfect because not all weather-related delays are driven by climate change and not all physical climate-related events manifest as disruptions. Additionally, the delay metrics might underestimate the real impact, as they reflect weather-related delays for the first impacted flight only; subsequent delays in the flight schedule following this first disruption are not considered as it is difficult to accurately attribute the delay time related to weather, particularly when there are multiple other reasons for the delay. Results for all metrics relating to weather events have remained stable since the 2024 financial year.

**Table 8: Assets or business activities vulnerable to physical risks**

| Metric | Unit | 2025 | 2024 |
|---|---|---|---|
| Aircraft value as a proportion of total assets | % of total asset value | 46% | 45% |
| 'Immovable' assets exposed to flood risk as a % of total asset value | % of total asset value | 11% | 10% |
| Weather-related delays and cancellations | Proportion of scheduled flights arriving late due to weather-related reasons[23] | 1.2% | 1.2% |
| | Average length of departure delay of flights arriving late due to weather-related reasons, in minutes[23] | 41 | 41 |
| | Proportion of scheduled flights cancelled due to weather-related reasons[24] | 1.0% | 1.0% |

22. The value of the lease at Air New Zealand's head office in central Auckland was also included within the immovable asset category. The airline notes that no specific exposure assessment has been conducted for the head office site but it was included within the assessment as it was subject to flood damage in 2023.
23. Relates to the first flight impacted by weather only.
24. Includes both the first flight impacted by weather and any later flights cancelled as a consequence.

# Metrics and Targets (continued)

## Amount or percentage of assets or business activities aligned with climate-related opportunities

As noted in section 4.2 Climate-related risks and opportunities, Air New Zealand has not identified any material 'opportunities' arising from climate change. For the aviation sector, climate change is primarily a source of risk rather than an opportunity. As such, currently no material proportion of Air New Zealand's assets or business activities is specifically aligned with climate-related opportunities.

The airline does, however, have some assets and business activities focused on mitigating climate-related risks. These include:

- The Group's investment in the Drylandcarbon One Limited Partnership, which holds a portfolio of exotic forests for both timber and a supply of NZUs, is to help the airline meet compliance obligations under the NZ ETS. The size of potential emissions cost savings from this investment depends on the investment's distributions, the prevailing NZU price, and regulations about acceptable NZUs. Distributions of 47,240 NZU units were received in the 2025 financial year. The carrying value of this investment on 30 June 2025 was $23 million;
- In the 2025 financial year, Air New Zealand began exploring a SAF customer value initiative supporting corporate customers to reduce their Scope 3 air travel emissions (see 'SAFc programme' on page 32).

## Price per tonne of $CO_2$-e used internally

### Internal carbon charge

Air New Zealand applies a $20 / $tCO_2$-e internal carbon charge on its long-haul routes between Auckland and New York, and Auckland and Houston. This internal charge creates a ringfenced funding stream that is allocated to the Climate and Nature Fund, which also includes any profits from our Z Energy partnership, and supports decarbonisation and sustainability initiatives including growing renewable energy supply and supporting SAF.

The internal carbon charge raised $6.7 million in the 2025 financial year. While not financially material, Air New Zealand believes the existence, amount, and use of the charge could be material information to primary users.

### Shadow carbon price

In the 2025 financial year, Air New Zealand designed and piloted an internal shadow carbon price, which is intended to be formally implemented in the 2026 financial year. This price is expected to be set at US$83 per tonne of Well-to-Wake emissions for the 2026 financial year. The internal shadow carbon price is not charged to business units and does not generate internal revenue, but it is used to communicate to decision-makers the hypothetical emissions abatement cost or cost savings associated with business decisions that have the potential to impact the airline's emissions.

## Remuneration

Air New Zealand's People, Remuneration and Diversity Committee (PRDC) provides advice and assistance to the Board in its responsibilities with respect to people and culture. The Board has generally delegated authority for rewards and remuneration to the PRDC, which has implemented a Short-Term Incentive (STI) scheme for Air New Zealand employees on individual employment agreements. This includes all Executives and senior leaders and comprises approximately 30 percent of the airline's employees.

In the 2025 financial year, emissions intensity comprised 10 percent of the STI. This reduced from 15 percent in the 2024 financial year due to the addition of a new circular economy STI metric (landfill waste per full-time employee), comprising five percent of the STI. These two climate-related components of the STI are awarded independently. The emissions intensity metric will be awarded if the prescribed target for the year is achieved, or partially awarded if a minimum milestone is achieved. The same applies to the circular economy metric. There is no climate-related component in the Long-Term Incentive Plan.

The airline may change any of the metrics in this section as and when it sees fit and will explain any such decisions in future Climate Statements.

# Metrics and Targets (continued)

## 5.2 Aviation industry metrics and other KPIs

Air New Zealand reports on the following Sustainability Accounting Standards Board (SASB) aviation-specific sustainability metrics:

1. The SASB GHG emissions metrics:
   - Gross global Scope 1 emissions (see 5.1 Metrics relevant to all entities);
   - Discussion of long- and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets (see sections 4.5 Transition Plan, 5.3 Targets used to manage climate-related risks and opportunities, and 5.4 Performance against targets); and
   - Fuel use metrics (see Table 9).

The airline reports SASB activity metrics in the following locations:

2. The SASB activity metrics:
   - Available Seat Kilometres, Passenger Load Factor, and Revenue Passenger Kilometres (see page 110 of the 2025 Annual Report);
   - Revenue Tonne Kilometres and number of departures (see Table 9); and
   - Average fleet age (see section 4.5 Transition Plan).

Table 9: Aviation metrics and other KPIs

| Metric | Unit | 2025 | 2024 |
|---|---|---|---|
| Total fuel consumed (all fuel types) | Gigajoules | 43,229,065 | 43,958,911 |
| Percentage of fuel consumed that was alternative fuel[25] | % of total fuel | 1.7% | 0.4% |
| Percentage of fuel consumed that was SAF | % of total fuel | 1.7% | 0.4% |
| Percentage of expected total 2030 fuel volume that has been contractually secured as SAF via approved offtake agreements | % of total fuel | 0.0% | 0.0% |
| Revenue Tonne Kilometre[26] | RTK in million | 4,441 | 4,419 |
| Number of departures | | 167,621 (of a scheduled 173,668) | 173,002 (of a scheduled 179,372) |

## 5.3 Targets used to manage climate-related risks and opportunities

Air New Zealand has set a long-term net zero carbon target for 2050 (the 2050 Target) that is described in further detail below. While this target does not correspond directly to each specific climate-related risk outlined in sections 4.2 Climate-related risks and opportunities and 4.3 Current impacts and anticipated impacts of climate-related risks, it does underpin the development of Air New Zealand's Transition Plan.

As outlined in section 4.5 Transition Plan, achieving the 2050 Target depends on a number of external factors outside the airline's direct control, as well as internal cost and commercial constraints that affect its ability to deliver its Transition Plan. Some of these key challenges are discussed on the right.

### Targets – key challenges

Air New Zealand is committed to taking steps to implement its Transition Plan, however, the airline cannot reach its 2050 Target alone. Reducing emissions to meet the 2050 Target is inherently challenging due to several interdependent factors:

- **Economic:** Implementing the Transition Plan is expected to increase costs. If these costs cannot be passed on through ticket prices, profitability may be impacted; if passed on, higher prices may reduce demand and revenue;
- **Technological:** Progress depends on the scaling up of decarbonisation technologies and, in some cases, technology breakthroughs. The pace of these technological developments is unpredictable and is outside the control of any single entity, industry or government;
- **Policy:** Effective government policy frameworks are crucial to support emissions reductions, including incentives for low emission technologies and approval of methodologies such as Book and Claim; and
- **Capital management:** The ability to deliver the Transition Plan depends on the airline's financial position and capital-constraints may delay investment and achievement of the 2050 Target.

25. Alternative fuels are those that are not traditional fossil fuels, for example, biofuels, synthetic fuels, and fuels produced from renewable energy sources. As SAF is a subset of alternative fuel and as it was the only alternative fuel used by the airline in the 2024 and 2025 financial years, the reported percentages for this metric and 'Percentage of fuel consumed that was SAF' are the same.
26. In the 2024 Climate Statement, the RTK value disclosed referred to Air New Zealand's cargo operations only. This year, the metric also includes RPK to align with broader reporting practices across the aviation sector by including total transport output. The 2024 figure has been restated accordingly.

# Metrics and Targets (continued)

### The 2050 Target

The 2050 Target is a net reduction target. Achieving it will require absolute reductions in total $CO_2$ emissions and the use of carbon credits.

The 2050 Target aligns with the aviation industry's collective 2050 target, as agreed at the 77th IATA Annual General Meeting, which IATA states will bring air transport in line with the Paris Agreement's temperature goal. It also aligns with ICAO's long-term global aspirational goal, agreed by Member States (including New Zealand) at its 41st Assembly in 2022, which ICAO also states is aligned with the Paris Agreement's temperature goal. Air New Zealand has adopted the criteria identified by the IATA resolution to achieve net zero carbon emissions by 2050, but the 2050 Target has not been verified or validated by the airline or any external third party.

The 2050 Target covers domestic and international flights, passenger and cargo flights, and revenue and non-revenue flights. The emissions and reductions within scope are $CO_2$ emissions only (other greenhouse gases such as methane or nitrous oxide, and Non-$CO_2$ Effects, are excluded) relating to:

- Tank-to-Wake emissions for fossil jet fuel; and
- Well-to-Wake emissions for SAF, hydrogen and electric propulsion.

### 2030 Emissions Guidance

Air New Zealand removed its previous 2030 science-based emissions intensity target in July 2024. This target has not been replaced. Instead, Air New Zealand has issued 2030 Emissions Guidance (see section 4.5 Transition Plan). The airline intends to update this 2030 Emissions Guidance annually in its Climate Statement to provide a regular and transparent assessment of its progress towards decarbonisation.

The 2030 Emissions Guidance states Air New Zealand's expectation to reduce its Well-to-Wake net GHG emissions from jet fuel by 20 to 25 percent by 2030, compared with a 2019 baseline. In the 2025 financial year, Well-to-Wake emissions from jet fuel were 3.8 million tonnes $CO_2$-e.

For more information on Air New Zealand's 2030 Emissions Guidance see section 4.5 Transition Plan ('Short-term: 2030 Emissions Guidance' on page 29).

### Ten percent SAF by 2030

Air New Zealand remains a signatory to the World Economic Forum's Clean Skies for Tomorrow 2030 Ambition Statement, which it signed in 2021. That Ambition Statement requires signatories to target using 10 percent SAF (as a percentage of their total jet fuel) by 2030. There are no interim milestones for this target and there is no base year against which progress is measured. This commitment exists alongside the airline's 2050 Target and was maintained after the withdrawal from Air New Zealand's 2030 science-based emissions intensity target in 2024. The 2030 Emissions Guidance aligns with Air New Zealand's expectation that it meets the Clean Skies for Tomorrow 2030 Ambition Statement.

## 5.4 Performance against targets

Air New Zealand's performance in the 2025 financial year against its climate-related targets is described below.

Note that because the 2030 Emissions Guidance is not a target, it is not reported on in this section.

### The 2050 Target

Air New Zealand's 2050 Target is for net zero emissions of $CO_2$ in the year 2050 from Tank-to-Wake carbon emissions for fossil jet fuel and Well-to-Wake carbon emissions for SAF, hydrogen and electric propulsion (if applicable).

In the 2025 financial year, Air New Zealand's gross $CO_2$ emissions from these sources was 3,144,298 $tCO_2$, while the estimated net emissions were 2,909,456 $tCO_2$.

The estimated net emissions include the contribution from the airline's estimated CORSIA obligation. This estimated obligation is based on the mid-point between the high and low Sectoral Growth Factor forecasts published by IATA. Confirmed net emissions will be available when Sectoral Growth Factors have been released for the entire 2025 financial year (expected in November 2026).

### Ten percent SAF by 2030

In the 2025 financial year, the airline uplifted 1.7 percent SAF as a proportion of total jet fuel, up from 0.4 percent in the 2024 financial year and 0.1 percent the year before.

# Assurance

## 6.1 Assurance report

Deloitte.

### Independent Assurance Report to the Shareholders of Air New Zealand Limited on the GHG Emissions Disclosed in its Group Climate Statement for the Year Ended 30 June 2025

Under section 461ZH(3) of the Financial Markets Conduct Act 2013, the Auditor-General is the assurance practitioner of Air New Zealand Limited (the 'Company') and its subsidiaries (the 'Group). The Auditor-General has appointed me, Jason Stachurski, using the staff and resources of Deloitte Limited, to carry out an assurance engagement, on his behalf, on the Selected greenhouse gas ('GHG') emissions information disclosed in the Group Climate Statement (the 'GHG disclosures'), for the year ended 30 June 2025.

### Scope of the engagement

As part of our assurance engagement over the Group's GHG disclosures, we have undertaken a reasonable assurance engagement in relation to the Selected Scope 1 and 2 GHG emissions disclosures and a limited assurance engagement in relation to the Selected Scope 3 GHG emissions disclosures, as set out below.

*Reasonable assurance*

| **Subject matter: 'Selected Scope 1 and 2 GHG disclosures'** | **Reference** |
|---|---|
| Gross GHG emissions, in metric tonnes of carbon dioxide equivalent ('$CO_2$-e') classified as:<br>• Scope 1<br>• Scope 2 (calculated using the location-based method) | Pages 36 to 42 |
| Additional requirements for the disclosure of gross GHG emissions per paragraph 24 (a) to (d) of Aotearoa New Zealand Climate Standard 1: *Climate-related Disclosures* ('NZ CS 1'), being:<br>• The statement describing that the Group's GHG emissions have been measured in accordance with the *Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)* (the 'GHG Protocol'), to the extent this pertains to Scope 1 and 2 GHG emissions;<br>• The statement that the GHG emissions consolidation approach used is operational control, to the extent this pertains to Scope 1 and 2 GHG emissions;<br>• Sources of Scope 1 and 2 GHG emission factors and the global warming potential ('GWP') rates used or a reference to the GWP source; and<br>• The summary of specific exclusions of Scope 1 and 2 GHG emissions sources (if applicable), including facilities, operations or assets with a justification for their exclusion. | Pages 36 to 42 |
| Disclosures relating to Scope 1 and 2 GHG emissions methods, assumptions and estimation uncertainty per paragraphs 52 to 54 of Aotearoa New Zealand Climate Standard 3: *General Requirements for Climate-related Disclosures* ('NZ CS 3'):<br>• Description of the methods and assumptions used to calculate or estimate Scope 1 and 2 GHG emissions, and the limitations of those methods.<br>• Description of uncertainties relevant to the Group's quantification of its Scope 1 and 2 GHG emissions, including the effects of these uncertainties on the GHG emissions disclosures. | Pages 36 to 42 |

*Limited assurance*

| **Subject matter: 'Selected Scope 3 GHG disclosures'** | **Reference** |
|---|---|
| Gross GHG emissions, in metric tonnes of $CO_2$-e classified as:<br>• Scope 3 | Pages 36 to 42 |
| Additional requirements for the disclosure of gross GHG emissions per paragraph 24 (a) to (d) of NZ CS 1, being:<br>• The statement describing that the Group's GHG emissions have been measured in accordance with the GHG Protocol and the Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011) (the 'Corporate Value Chain Standard'), to the extent this pertains to Scope 3 GHG emissions;<br>• The statement that the GHG emissions consolidation approach used is operational control, to the extent this pertains to Scope 3 GHG emissions;<br>• Sources of Scope 3 GHG emission factors and the GWP rates used or a reference to the GWP source; and<br>• The summary of specific exclusions of sources of Scope 3 GHG emissions, including facilities, operations or assets with a justification for their exclusion. | Pages 36 to 42 |
| Disclosures relating to Scope 3 GHG emissions methods, assumptions and estimation uncertainty per paragraph 52 to 54 of NZ CS 3:<br>• Description of the methods and assumptions used to calculate or estimate Scope 3 GHG emissions, and the limitations of those methods.<br>• Description of uncertainties relevant to the Group's quantification of its Scope 3 GHG emissions, including the effects of these uncertainties on disclosures. | Pages 36 to 42 |

***Matters Relating to the Electronic Presentation of the Selected GHG Disclosure included within the Climate Statement***

*This assurance report relates to the Selected GHG disclosures included within the Group's Climate Statement for the year ended 30 June 2025, included on Air New Zealand Limited's website. The Directors are responsible for the maintenance and integrity of Air New Zealand's website. We have not been engaged to report on the integrity of Air New Zealand's website. We accept no responsibility for any changes that may have occurred to the Selected GHG disclosures included within the Climate Statement since they were initially presented on the website.*

*The assurance report refers only to the Selected GHG disclosures included within the Climate Statement named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these disclosures.*

# Assurance (continued)

## 6.1 Assurance report (continued)

Deloitte.

### Conclusion

*Reasonable assurance opinion*

In our opinion, the Group's Selected Scope 1 and 2 GHG disclosures within the scope of our reasonable assurance engagement for the year ended 30 June 2025, are fairly presented and prepared, in all material respects, in accordance with Aotearoa New Zealand Climate Standards, issued by the External Reporting Board.

*Limited assurance conclusion*

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Group's Selected Scope 3 GHG disclosures within the scope of our limited assurance engagement for the year ended 30 June 2025, are not fairly presented and prepared, in all material respects, in accordance with Aotearoa New Zealand Climate Standards, issued by the External Reporting Board.

### Other matter – comparative information

The comparative information, being the 2024 GHG disclosures on pages 37 and 39 was assured by Deloitte Limited in the firm's own capacity. Deloitte Limited expressed an unmodified report dated 29 August 2024.

### Other matter – separate GHG Inventory Report

The Group has also prepared a GHG Inventory Report for the year ended 30 June 2025 which includes GHG emissions information disclosed in accordance with requirements of the GHG Protocol Corporate Standard and Value Chain Standard. Deloitte Limited has performed a separate assurance engagement in accordance with International Standard on Assurance Engagements (New Zealand) 3410: *Assurance Engagements on Greenhouse Gas Statements* ('ISAE (NZ) 3410') issued by the New Zealand Auditing and Assurance Standards Board on the GHG Inventory Report. The GHG Inventory Report together with our separate limited assurance report is available at the Investor Centre on the Air New Zealand website.

### The Board of Directors' responsibilities

Subparts 2 to 4 of the Financial Markets Conduct Act 2013 set out requirements for a climate reporting entity in preparing a Climate Statement, which includes proper record keeping, compliance with the climate-related disclosure framework and subjecting it to assurance.

The Aotearoa New Zealand Climate Standards have been issued by the External Reporting Board as the framework that applies for preparing and presenting a Group Climate Statement. The Board of Directors of the Group is therefore responsible for preparing and fairly presenting a Group Climate Statement for the year ended 30 June 2025, in accordance with those standards.

The Board of Directors is also responsible for the design, implementation, and maintenance of internal controls relevant to preparing the Group's Climate Statement that is free from material misstatement, whether due to fraud or error.

### Our responsibilities

Section 461ZH of the Financial Markets Conduct Act 2013 requires the GHG disclosures included in the Group Climate Statement to be the subject of an assurance engagement.

NZ CS 1, paragraph 25, requires such an assurance engagement at a minimum to be a limited assurance engagement, and paragraph 26 specifies the scope of the assurance engagement on GHG disclosures.

To meet this responsibility, we planned and performed procedures (as summarised below), to provide reasonable assurance on the Selected Scope 1 and 2 GHG disclosures and limited assurance on the Selected Scope 3 GHG disclosures. We conducted our assurance engagement in accordance with New Zealand Standard on Assurance Engagements 1 *Assurance Engagements over Greenhouse Gas Emissions Disclosures* ('NZ SAE 1') issued by the External Reporting Board and ISAE (NZ) 3410.

### Summary of Work Performed

*Reasonable assurance*

Our reasonable assurance engagement was performed in accordance with NZ SAE 1 and ISAE (NZ) 3410. This involves performing procedures to obtain evidence about the quantification of emissions and related information in the Group's Selected Scope 1 and 2 GHG disclosures. The nature, timing and extent of procedures selected depend on the assurance practitioner's judgement, including the assessment of the risks of material misstatement, whether due to fraud or error, in the Selected Scope 1 and 2 GHG disclosures.

In making those risk assessments, we considered internal controls relevant to the Group's preparation of the Selected Scope 1 and 2 GHG disclosures. A reasonable assurance engagement also includes:

- Assessing the suitability in the circumstances of the Group's use of Aotearoa New Zealand Climate Standards, as the basis for the preparation of the Selected Scope 1 and 2 GHG disclosures;
- Evaluating the appropriateness of quantification methods and reporting policies used, and the reasonableness of estimates made by the Group; and
- Evaluating the overall presentation of the Group's Selected Scope 1 and 2 GHG disclosures.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our reasonable assurance opinion.

*Limited assurance*

Our limited assurance engagement was performed in accordance with NZ SAE 1 and ISAE (NZ) 3410. This involves assessing the suitability in the circumstances of the Group's use of Aotearoa New Zealand Climate Standards as the basis for the preparation of the Selected Scope 3 GHG disclosures, assessing the risks of material misstatement of the Selected Scope 3 GHG disclosures whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the Selected Scope 3 GHG disclosures.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

# Assurance (continued)

## 6.1 Assurance report (continued)

Deloitte.

The procedures we performed were based on our professional judgement and included enquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records. In undertaking our limited assurance engagement on the Group's Selected Scope 3 GHG disclosures, we:

- Obtained, through inquiries, an understanding of the Group's control environment, processes and information systems relevant to the preparation of the Selected Scope 3 GHG disclosures. We did not evaluate the design of particular control activities, or obtain evidence about their implementation.
- Evaluated whether the Group's methods for developing estimates are appropriate and had been consistently applied. Our procedures did not include testing the data on which the estimates are based or separately developing our own estimates against which to evaluate the Group's estimates.
- Performed analytical procedures on particular emission categories by comparing the expected GHGs emitted to actual GHGs emitted and made inquiries of management to obtain explanations for any significant differences we identified.
- Evaluated the appropriateness of emissions factors applied.
- Considered the presentation and disclosure of the Group's Selected Scope 3 GHG disclosures.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

### Inherent limitations

Non-financial information, such as that included in the Group's GHG disclosures, is subject to more inherent limitations than financial information, given both its nature and the methods used and assumptions applied in determining, calculating, and sampling or estimating such information. As outlined on page 39, GHG quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

Because of the inherent limitations of an assurance engagement, together with the internal controls structure, it is possible that fraud or error may occur and not be detected.

### Other information

The Group Climate Statement contains information other than the Group's GHG disclosures and the assurance report thereon. The Board of Directors is responsible for the other information.

Our assurance engagement does not extend to any other information included, or referred to, in the Group Climate Statement on pages 1 – 35, 43 – 49, and appendices, and therefore, no conclusion is expressed thereon. We read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the Group's GHG disclosures, or our knowledge obtained in the assurance engagement, or otherwise appears to be materially misstated.

Where such an inconsistency or misstatement is identified, we are required to discuss it with the Board of Directors and take appropriate action under the circumstances, to resolve the matter. There are no inconsistencies or misstatements to report.

### Independence and quality management

We complied with the Auditor-General's independence and other ethical requirements, which incorporate the requirements of Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* (PES 1) issued by the New Zealand Auditing and Assurance Standards Board. PES 1 is founded on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. These principles for example, do not permit us to be involved in the preparation of the current year's GHG information as doing so would compromise our independence.

We have also complied with the Auditor-General's quality management requirements, which incorporate the requirements of Professional and Ethical Standard 3 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* (PES 3) and Professional and Ethical Standard 4 *Engagement Quality Reviews* issued by the New Zealand Auditing and Assurance Standards Board (PES 4). PES 3 requires our firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. PES 4 deals with an engagement quality reviewer's appointment, eligibility, and responsibilities.

Our firm is the statutory auditor of the financial statements (on behalf of the Auditor-General) and also carries out other assignments for the Group which include the review of the interim financial statements, and assurance services relating to passenger facility charges, the GHG Inventory Report and compliance with student fee protection rules. In addition, we provide non-assurance services in the form of a climate-related disclosure assurance readiness assessment and services to the Corporate Taxpayers Group for which Air New Zealand is a member, along with a number of other organisations. These services have not impaired our independence as assurance practitioner for this engagement. In addition to this, partners and employees of our firm deal with the Group on normal terms within the ordinary course of trading activities of the business of the Group. The firm has no other relationship with, or interest in, the Group.

**Jason Stachurski**
for Deloitte Limited
On behalf of the Auditor-General
Auckland, New Zealand
28 August 2025

# Appendices

## 7.1 Appendix A: Details of scenario analysis

The climate scenario analysis was developed using the emissions reduction pathways described in section 4.1 Scenario analysis based on assumptions over a range of variables that are summarised below. Note that all material parts of Air New Zealand's value chain were considered in the scenario analysis.

Data sources for the development of the scenarios are the IPCC's RCP-SSPs from the 6th Assessment Report (2021), Network for Greening the Financial System Scenarios for central banks and supervisors, the scenarios contained within the International Energy Agency's World Energy Outlook, and the Climate Change Commission scenarios. In addition to this, key assumptions on the evolution of variables that are highly specific to Air New Zealand and, therefore, not covered in depth by the global scenarios mentioned above, were developed and tested with internal experts across the business.

- **Technology pathways:** Scenario narratives were devised with reference to both external sources and internal perspectives, including, for example, new propulsion technology, aircraft design innovations, SAF technology development and carbon removal solutions;
- **Government policy:** Government policy assumptions were based on the barriers to, and government support for, technology development, and restrictions on certain emissions categories. Changes in policy are represented through adjustments in carbon pricing regimes such as the NZ ETS and CORSIA, or through direct support of emerging technologies that will enable Air New Zealand to decarbonise (for example, NGA), both globally and in New Zealand;
- **Socioeconomic pathways:** To ensure consistency in the scenarios, the starting point for the socioeconomic pathways was the assumptions contained within the SSPs, however, additional narrative surrounding New Zealand-specific evolution of socioeconomic parameters was developed internally with reference to the marker SSPs;
- **Energy pathways:** Energy pathway assumptions included considering the supply and cost of renewable electricity, green hydrogen and SAF. Energy pathway assumptions are highly dependent on technological development and as such are reflective of the pace of the technology pathways described above;
- **Carbon sequestration from afforestation and nature-based solutions and negative emissions technology:** Carbon sequestration from afforestation and nature-based solutions, and negative emissions technology, are not defined. They only feature in the scenario analysis insofar as they address 'residual' emissions to achieve the airline's 2050 Target;
- **Global climate impacts:** IPCC (2022), *Sixth Assessment Report for SSPs*. Muñoz-Sabater et al. (2019) *ERA5 and ERA5-Land reanalysis, European Centre for Medium Range Weather Forecasting* (ECMWF). Canadian Centre for Climate Modelling and Analysis (2019), *The Canadian Earth System Model version 5* (CanESM5). Döscher et al. (2022), *The EC-Earth3 Earth system model for the CMIP6*, EC-Earth Consortium. Shiogama et al. (2019), *MIROC6 model output prepared for CMIP6 ScenarioMIP*, MIROC Team; and
- **New Zealand physical and climate impacts:** These are based on the same sources as the global climate and socioeconomic impacts above: Ministry for the Environment (2018), *Climate Change Projections for New Zealand*.

## 7.2 Appendix B: Glossary

- '**2030 Emissions Guidance'** means Air New Zealand's current expectation that it will reduce its 'Well-to-Wake' net GHG emissions by 20 to 25 percent by 2030, compared with a 2019 baseline. This guidance will be updated on an annual basis, as part of the Climate Statement;
- '**2050 Target**' means Air New Zealand's long-term target of achieving net zero carbon emissions by 2050, as agreed by IATA member airlines at the 77th IATA Annual General Meeting in October 2021;
- '**ASK**' means Available Seat Kilometres, which is measured by the available seats operated multiplied by the distance flown (capacity);
- '**Book and Claim**' refers to a system whereby airlines can purchase ('book') the life cycle benefits of SAF and credit ('claim') it against the emissions from their own use of conventional jet fuel, while another airline uses that SAF but is not able to claim the SAF's low-carbon credentials. The Book and Claim system, if adopted, is expected to increase demand, supply, and liquidity in the SAF market, ultimately increasing the global uptake of SAF.

  For example, one airline may not fly to any airports where SAF is available for uplift. Book and Claim would allow this airline to purchase and credit the low-carbon credentials of SAF that is physically input to the fuel supply at another location and used by a second airline. In this example, the second airline that does uplift SAF cannot claim the low-carbon credentials of the SAF because those credentials were purchased by the first airline. The first airline flies with conventional jet fuel but purchases and credits the low-carbon credentials of the SAF. The second airline flies with SAF but does not purchase or credit the low-carbon credentials of that fuel;
- '**CORSIA**' means the Carbon Offsetting and Reduction Scheme for International Aviation developed by the International Civil Aviation Organization (ICAO). Under CORSIA, Air New Zealand

# Appendices (continued)

faces an obligation for growth in $CO_2$ emissions above a baseline, calculated with reference to an annual Sector Growth Factor. Air New Zealand must acquire and cancel Eligible Emissions Units to meet its obligation;

- '**Critical uncertainties'** has the meaning given to it in the FMA's December 2023 illustrative examples accompanying its October 2023 guidance on record-keeping, and in this context means the broad-scale external factors that are the most influential for Air New Zealand and the most uncertain;
- '**Eligible Emissions Unit (EEU)'** refers to a tradable carbon credit that meets the criteria set by ICAO for use under the CORSIA scheme. These units can be purchased and surrendered by aircraft operators to offset their $CO_2$ emissions that exceed baseline levels, as required under CORSIA;
- '**Engineered carbon removals'** refers to technological solutions that directly capture and store $CO_2$ from the atmosphere;
- '**IATA**' refers to the International Air Transport Association, the global industry body that represents around 350 airlines;
- '**ICAO**' refers to the International Civil Aviation Organisation, the United Nations agency tasked with achieving sustainable growth of the global civil aviation system;
- '**IPCC**' refers to the Intergovernmental Panel on Climate Change, which is the United Nations body responsible for assessing the science related to climate change;
- '**Load Factor**' means revenue passenger kilometres (RPKs) as a percentage of ASKs;
- '**Nature-based removals'** refers to projects that leverage natural processes such as photosynthesis or soil carbon sequestration to remove and store $CO_2$-e from the atmosphere within natural ecosystems;
- '**NGA**' or '**Next Generation Aircraft**' refers to aircraft powered by alternative propulsion that enables a significant reduction in carbon emissions compared to existing technology. This could include hydrogen fuel cells, hydrogen combustion, batteries, or battery hybrids that are used in combination with SAF and / or fossil jet fuel;
- '**Non-$CO_2$ Effects**' means impacts that arise from aircraft engine emissions of oxides of nitrogen (NOx), soot particles, oxidised sulphur species, and water vapour. These impacts are in addition to $CO_2$-e;
- '**NZ ETS**' means the New Zealand Emissions Trading Scheme. Air New Zealand is a participant in the NZ ETS and has an obligation to report greenhouse gas emissions generated from fuel use on all domestic flights and then purchase and surrender to the Government an equal number of New Zealand Units to match those emissions;
- '**NZD'** refers to the New Zealand Dollar;
- '**NZU**' means New Zealand Unit, the official emissions allowance issued under the NZ ETS;
- '**RPK**' or '**Revenue Passenger Kilometres**' is a measure of the number of revenue passengers carried multiplied by the distance flown (demand);
- '**RTK**' or '**Revenue Tonne Kilometres**' is a measure of the weight that has been transported on the aircraft (freight and passengers) multiplied by the number of kilometres transported. To align with the international standard, an average weight of 100 kilograms per passenger, including their luggage, is applied;
- '**SAF**' or '**Sustainable Aviation Fuel**' is the industry term given to alternative jet fuel that is made from feedstocks other than fossil fuels, and which seek to produce lower life cycle emissions than fossil jet fuel. The term is used by the United Nations, national governments, and the aviation industry. Air New Zealand follows this convention when describing alternative jet fuel for consistency with the industry, but in doing so acknowledges that SAF still produces emissions over its life cycle, including equivalent emissions to conventional jet fuel when combusted, and may create other adverse impacts on the environment;
- '**Sectoral Growth Factor**' refers to the international aviation sector's percentage growth over the CORSIA baseline in a given year;
- '**Sustainability Update**' refers to the sustainability section of the Annual Report;
- '**Transition Plan**' means Air New Zealand's strategy and actions for its transition towards a low-emissions, climate-resilient future. This includes the 2050 Target and the steps taken in seeking to achieve that target;
- '**Tiaki Promise'** is a commitment to care for New Zealand, for now and for future generations. The Tiaki Promise is based on five key principles: to protect nature, keep New Zealand clean, drive carefully, be prepared, and show respect;
- '**USD'** refers to United States Dollar; and
- '**Well-to-Wake**' or '**WTW**' refers to emissions from the airline's activities and accompanying emissions across the entire value chain of jet fuel. It comprises: **'Well-to-Tank'** emissions from fossil fuel extraction or feedstock sourcing, processing and transportation to fuel production and distribution (measured as Scope 3, category 3 emissions); and **'Tank-to-Wake'** emissions from the combustion of fuel (measured as Scope 1 emissions).

A STAR ALLIANCE MEMBER

AIR NEW ZEALAND