

SUPPORTING A PATH FOR **SUSTAINABLE** BUSINESS TRAVEL PROGRAMS

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FCM

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Turning strategy into meaningful action for our people, our environment and our customers.

He whakatinana i te rautaki hei tautoko i a mātou tāngata, i tā mātou taiao, mē a mātou kiritaki.

After nearly three years of travel restrictions, the return to corporate travel has well and truly begun. But the COVID-led hiatus has irrevocably changed the travel landscape, and a shift to sustainable corporate travel is no longer just a consideration – it's an expectation.

In a World Travel and Tourism Council 2021 report, over 80% of global travellers said sustainable travel is vital. Almost 70% expect the travel industry to offer more sustainable travel options and over 60% say the pandemic has made them want to travel more sustainably in the future.¹

As part of a global travel company (Flight Centre Travel Group - FCTG) we are committed to the work we have been doing on our sustainability journey. By building on what we have achieved so far and what we know about the sustainability challenges and concerns that exist within our industry, we aim to constantly assess where and how we can do better as a company. Our focus is to enable our customers to do the same - through supporting sustainable corporate travel programs that achieve company goals whilst reducing impacts on the planet.

For the sake of our people, our communities, our planet, and future generations, the time for action is now. We're ready for the challenge and are here to support our customers every step of the way.

“Our purpose is to open up the world for those who want to see and as one of New Zealand’s largest corporate travel managers, we recognise our responsibility to preserve the places we love while enriching our people, destinations and communities.

Sustainability is high on the priority list for us – looking at how we can do better as a business, as well as help our customers achieve their own sustainability goals.

Change requires a collective effort, it is small steps every day that make a difference, we are always on the lookout for ways to improve and look forward to working with our customers and partners to drive better outcomes in this space.”

KELLY THOMAS
GENERAL MANAGER,
FCM TRAVEL NEW ZEALAND



Part 1: What we've achieved so far



PART 1: WHAT WE'VE ACHIEVED SO FAR

Ngā mahi kua oti i ā mātou i tēnei wā

Protecting our planet is essential for the future of tourism. As part of one of the world's largest travel providers (Flight Centre Travel Group - FCTG), and the largest in Australia/New Zealand, we have a responsibility to positively impact change where we work, live, and travel, ensuring our people travel sustainably and supporting our customers to do the same.

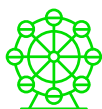
We want to collaborate with our people, our customers and our communities to ensure we are creating opportunities to open up the world in the most responsible way. For our people it is about creating diverse, equitable and inclusive workplaces. For our customers, it is about supporting sustainable travel options. For our communities it is about giving back in the places where we work, live and travel. And for our planet, it is about reducing our organisational footprint.

Our Core Values



Ownership

We take full responsibility for our business and treat it as our own.



Irreverence

We take our business seriously but not ourselves. We respect our customers, our partners and each other.



Egalitarianism

Everyone has the same opportunities, rights and privileges. Self-important people don't fit in.

Our Purpose

To open up the world for those who want to see

Our Sustainability Vision

Preserving and enriching a world worth seeing

Alignment with United Nations Sustainable Development Goals (SDGs)

As part of delivering on our commitment to the United Nations Global Compact (UNGC), FCTG has commenced the development of our Sustainable Development Goals (SDGs) Blueprint, addressing 9 out of the 17 SDG goals set out by the United Nations. This gives us confidence that we're headed in the right direction and we expect to strengthen this alignment in the coming years.



**The content of this publication has not been approved by the United Nations and does not reflect the views of United Nations or its officials or Member States.
<https://www.un.org/sustainabledevelopment/>*

Our FCM NZ Sustainability Footprint

As part of the wider Flight Centre Travel Group, FCM NZ maintains a solid commitment to our environmental, social and corporate governance responsibilities, to ensure we operate ethically, protect the planet and support our people and our communities.

Recently, FCTG appointed a new Global Sustainability Officer who will work closely with our people at all levels to help increase focus on the company's business practices and the extent to which they are environmentally and socially sustainable.



MICHELLE DEGENHARDT
GLOBAL SUSTAINABILITY OFFICER,
FLIGHT CENTRE TRAVEL GROUP.

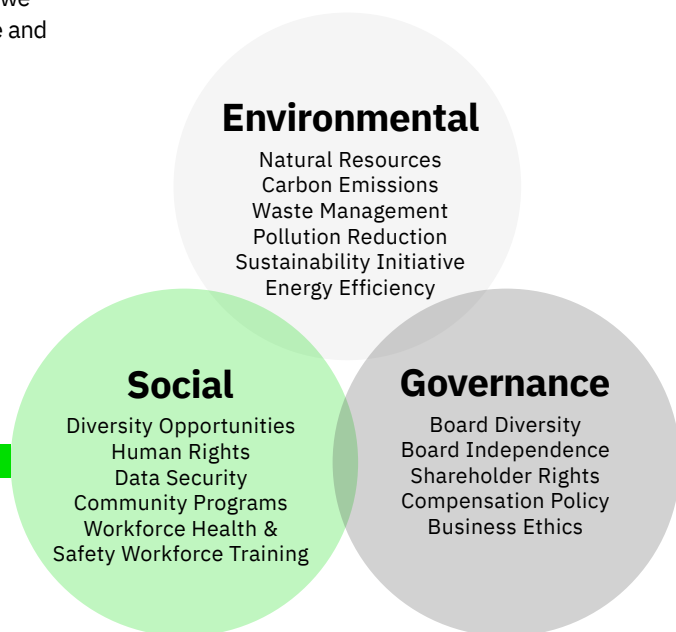


Figure 1. The three pillars of the ESG framework, +1.5°C by 2040 The heat is on for corporate travel to be more sustainable, 4.²

Environmental

As part of FCTG's sustainability journey, we have our sights firmly set on net zero (cutting our greenhouse gas emissions as close to zero as possible).

The science shows clearly that in order to avert the worst impacts of climate change and preserve a liveable planet, the global temperature increase needs to be limited to 1.5°C above pre-industrial levels. For that to happen (as called for in the Paris Agreement), emissions need to be reduced by 45% by 2030, and reach net zero by 2050.³

As part of our commitment to the Science Based Target initiative (SBTi), we're committed to achieving Net Zero by 2050. To do this, we firstly need to understand our footprint which is currently being calculated. We can then use that information to create ambitious targets with clear and transparent measurements that form a decarbonisation road map. Once our goals and targets are validated by SBTi and once we have our validated targets in place, we can then start measuring, monitoring and reporting our progress as we head toward net zero.

The protection of the environment is very important to us, not only as a company but to the individuals that make up the company. Travel relies on resources that are fragile and must be protected. As a company, we're very conscious of the environmental impact of our business. From energy and water conservation to reducing waste in our offices, removing single-use plastic water bottles from conferences and encouraging customers to use our mobile technology rather than printed materials. All are incremental efforts that significantly help reduce the impact our work has on the planet.

We also recognise the need to support sustainable travel activities that promote environmental awareness, conserve and protect the environment and respect wildlife, flora, biodiversity, ecosystems and cultural diversity.



SOCIAL - OUR PEOPLE & COMMUNITIES

Our people are our number one priority, and equality is our policy. Everyone has the same career opportunities, rights and privileges, and our success lies within our unique differences.

Diversity and inclusion

Within our business, we have a dedicated Diversity, Equity and Inclusion committee. Responsible for driving the development and implementation of initiatives that build unity, break down barriers and create a more equitable distribution of opportunities across leadership, diversity infrastructure, diverse recruitment, inclusive career development, biculturalism, inclusive collaboration and social impact.

Promoting Te Reo Māori

Our Te Rōpū o Te Reo Māori (voluntary Māori language committee) has been pivotal in encouraging and supporting our people to confidently embrace the use of Te Reo Māori in all our workplaces.

Our 'wise' initiatives

- **Parentwise**

We engage, connect with and support mothers, fathers and guardians.

- **Moneywise**

We recently partnered with AMP to provide financial wellbeing support to our employees.

- **Healthwise**

We offer nutrition advice through our health and wellbeing provider from qualified nutritionists, bio-age consultations and counselling.



Mental health, wellbeing and financial support

Employee assistance program

We've partnered with Benestar to provide a holistic wellbeing service that offers free counselling services for our people, their families and our leaders.

Flexible working

We promote flexible and remote work options to provide the best possible workplaces for our people and further promote more sustainable work practices, e.g., less travel time and reduced petrol use. This includes the Hour of Empowerment, a dedicated time each week that employees can use as they see fit to look after physical and mental wellness.

HeadFit Awards

The HeadFit Awards are NZ's first national workplace mental health awards to celebrate individuals, teams and workplaces leading in workplace mental health. In 2022, our General Manager of Flight Centre Heidi Walker won Leader of the Year. And we came highly recommended for Specialist of the Year, Learning & Development Excellence and Large Workplace of the Year.

The Flight Centre Foundation

In 2008, FCTG launched the Flight Centre Foundation. This year in New Zealand, we have partnered with The Mental Health Foundation and the Halberg Disability Trust.

The Flight Centre Foundation has raised

\$25M

globally for various charity organisations and emergency appeals

Staff Numbers 2023

+30%

YOY

Project Remedy

In 2019, Project Remedy was established to help provide supplementary income for employees financially affected by COVID-19. Since then, we've worked with over 200 companies across New Zealand, sourcing roles and distributing these opportunities to all our impacted people.

New Zealand HR Awards

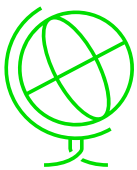
In 2023, Flight Centre was recognised for excellence as the Employer of Choice (> 200 staff) and the HR Team of the Year (> 500 staff).

Staff Retention 2023

83%

GOVERNANCE

Flight Centre Travel Group (FCTG) is a publicly listed company, we're governed by policies that cover everything from our code of conduct to anti-bribery and corruption, corporate governance, risk management and whistleblowing. Our environmental governance is supported by the FCTG Board's Audit and Risk Committee, which oversees climate related risks and opportunities for the company.



NZ Sustainability Committee

Made up of FCNZ employee volunteers, the purpose of *Our World* is to educate, inspire and engage with our people, partners and customers today, promoting more sustainable practices personally and in the workplace.



Partnerships

We will work with our suppliers and industry partners to provide travel that benefits people and our planet including ensuring a sustainable supply chain, implementing sustainable product development and promoting positive destination impact.



Anti-bribery, corruption, modern slavery and human trafficking

Improving staff awareness of everyday slavery risks is vital to ensuring that slavery and human trafficking are not taking place. We're continually involved in knowledge-sharing with our people on such issues and have delivered targeted training programs for employees located in high-risk regions.

Transparency in our supply chain is fundamental to a safe, responsible, and profitable business. Our supply agreements must include a clause covering us to work together to ensure this practice is reported and eradicated.

PART 2:

WHAT WE KNOW - SUSTAINABILITY CHALLENGES AND CONCERNS

Ngā mea e mohio ana mātou -
he māharahara ki ngā wero o kaupapa toitū

Business travel sustainability needs and objectives

Sustainable travel has become a top priority in recent years as companies commit to reaching net-zero targets, airlines look to offset carbon emissions with more sustainable aviation fuel, and travellers seek more environmentally friendly transportation options.

However, the shift to sustainable corporate travel programs goes well beyond simple CO₂ reporting, considering three streams of focus – environmental, social and governance – and driving a broader strategy across all parts of businesses.

New Zealand's net emissions have grown by 60% since 1990⁴ – one of the fastest growth rates in the world. New Zealand is setting ambitious sustainability goals with a net-zero future enshrined in law. Organisations in New Zealand are working hard to achieve their sustainability goals, but they don't come without challenges.

Governments	Shareholders	Business	Employees	Customers
				
197 countries have ratified the Paris Agreement. ³	49% of the world's GDP is covered by net-zero targets. ³	Global leaders like Google & Microsoft have committed to ambitious climate action. ³	87% of employees said businesses should take a public position on societal issues relevant to their business. ³	73% of millennials would spend more on sustainable products. ³

32%

will miss net zero

Most organisations have committed to net-zero by 2050, with almost a third expected to miss their targets.⁴

62%

are short on skills

Most organisations lack the in-house expertise they need to put their sustainability strategies into practice.⁴

61%

haven't invested in tech

72% of business leaders say innovation is key to sustainability – but less than half are investing in the necessary technology.⁴

3. South Pole, *Global sustainability statistics of Governments, Shareholders, Businesses, Employees and Customers*.

4. Microsoft Business New Zealand, *Accelerating your path to a net zero future*.

Diving into the travel supplier chain, the accommodation sector (including residential) is the largest producer of carbon emissions.

Research indicates that the indirect supplier management sector, which includes travel, has been slower to gain traction than other categories in this area.² It wasn't until 2018-19 that we started to see clients assessing the sustainability credentials of airline, hotel and car hire suppliers.²



Accommodation

17.5%

of global emissions with 10.9% from residential lodging and 6.6% from commercial buildings.²

Road Transport

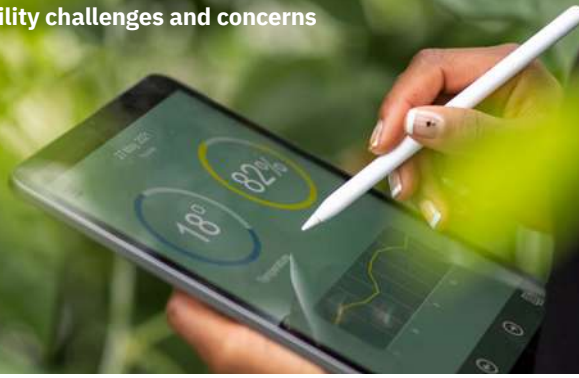
11.9%

of global emissions including cars, car rental, taxi, ride-share and public transport such as buses. 60% of road transport is generated for passenger travel.²

Air Travel

1.9%

of global carbon emissions. This includes approx. 81% of passenger air travel, of which 60% is international and 40% is domestic.²



From quick wins to sustainable travel policies - and unlocking business efficiencies

We know that our customers want to travel more sustainably because of the fundamental societal impact they can have. But, over the past two decades, research has shown that sustainability has real business benefits too. As a result, there's been a groundswell of businesses conscientiously integrating sustainability into their business operations.

Here are some of the reasons why businesses are choosing to be more sustainable (as mentioned by the Sustainable Business Network.)⁵:

1. Improved brand value

Sharing your sustainability story is a marketing tool. Aligning your sustainability strategy with your product or brand will help you to tap into what the market cares about and reinforce your company's culture.

2. Meeting consumer demand and marketing advantage

Colmar Brunton's Better Futures Report 2020 reveals that almost 50% of Kiwis have deliberately switched to a more sustainable service provider or brand. People want to feel good about what they buy and where it comes from. As a sustainable business, you'll be able to meet growing demand which will be a significant competitive advantage.

3. Provide a platform for innovation

Social and environmental issues present new business opportunities for companies willing to rise to the challenge.

4. Business continuity

- anticipate and manage risks

Sustainability is about protecting your business from today's risks while ensuring it can respond to the challenges and opportunities of tomorrow. It's important to have a long-term outlook to ensure longevity and future business success.

5. Increase productivity, save money

Many resources we previously considered renewable have become finite as our demands exceed regeneration levels. The more efficient use and conservation of resources will streamline operations and help decrease costs. Implementing water and energy efficiency initiatives and recycling, reusing and reducing waste will help you protect your bottom line while ensuring the sustainability of your business.

6. Enhance your business culture

Embedding sustainability into your business will help you attract and retain top talent, particularly those from the younger generations who seek meaningful work, with an employer who has a clear vision for their contribution to a sustainable economy.

7. Improve stakeholder relations

Investors and stakeholders are interested in companies with long-term, sustainable business plans that minimise operating risks and costs in the future.

8. Legislative compliance

It's no surprise that government agencies are enacting regulations to protect the environment. Integrating sustainability into your business will position it to meet changing regulations, for example, procurement requirements.

We understand that our customers are at different stages of their sustainability journey – some are just starting, and others are experts. So, sustainability needs and objectives vary. We can meet you wherever you are in your journey and support you in curating a travel program that aligns with your short and long-term sustainability objectives.

Customer story: Scion's sustainability journey

Sustainability is vital to all aspects of our organisation, from our forestry and biomaterials research enabling the global bioeconomy, through to how we impact the environment and communities with whom we connect.



Scion's goal is to be net carbon zero by 2025, continuing to increase resource efficiency in our day-to-day business and working to reduce our carbon emissions in the areas we have direct control over.

We've purchased electric vehicles to reduce the impact of our petrol fleet and acknowledge the step that FCM took by bringing EV rental vehicles to the top of our booking choice.

However, air travel has been, and will again be, a significant part of our Scope 3 carbon emissions. The certified carbon emission reports that FCM provides are critical to tracking this and meeting our corporate reporting requirements.

With borders now open, our researchers are now looking to attend conferences overseas, and this is an area where FCM is helping us:

- Putting carbon-conscious accommodation at the top of the preferred accommodation list
- Ranking flight routes by carbon intensity
- Placing the tick-box for verifiable carbon offsetting with flight vendors in a prominent place on their booking form



PART 3:

WHERE WE CAN HELP SUPPORT YOUR PATH TO SUSTAINABLE TRAVEL

Tā mātou āwhina i a koe kia toitū ai o hāereere

As your trusted travel partner, our role is to support you on your sustainability journey in a meaningful and impactful way that brings your travel policies and programs to life – with excellent results.

Locally, for over 10 years we have proudly worked with Toitū Envirocare, a wholly owned subsidiary of Manaaki Whenua - Landcare Research. Every year we go through a comprehensive auditing process to ensure the validity and integrity of how we are reporting emissions, the methodology and values applied. This means if you participate in any of their carbonreduce, net carbonzero, or climate positive certificate programs, our investment means you have one less thing to worry about. This saves you considerable time, effort and money.

Through Savi, our online booking tool (OBT), we also work with Tasman Environmental Markets (TEM) which has enabled greenhouse gas emissions visibility and offsetting to become part of our online booking experience.

To complete our solutions suite for those customers needing a more global solution or consultancy service we also work with South Pole. An organisation with over 900 experts globally who develop and implement comprehensive emission reduction projects and strategies that help both mitigate risk and achieve your sustainability goals.



TEM



1: Crafting a best-in-market travel program that meets your ESG goals and objectives

Travel policy consulting

We've worked with businesses up and down the sustainable travel spectrum, from those just starting their journey to fully-fledged, sophisticated corporate travel programs. We understand the importance of sustainability in travel and can assist your organisation in crafting a travel program that aligns with your goals.

Our team of travel experts will work with you to analyse your current travel policy and propose a tailored, best-in-market travel program that supports your sustainability objectives, whilst balancing the importance of traveller wellness and the cost of business travel.

Actionable insights

With visibility over your program, you can understand how travel trends and behaviours contribute towards your sustainability objectives. We can help you measure critical travel program KPIs through reporting, analytics dashboarding, and strategic travel program insight meetings.

Leverage our travel management experience and benchmark your program against similar industries, company sizes, or programs, to provide meaningful context to your data. You can also access on-demand reports that use the Greenhouse Gas Protocol to calculate your carbon emissions from air, hotel, and car travel.

2: Reducing the carbon impact

If you can't measure it, you can't manage it. With travel contributing to over 14% of carbon emissions worldwide², the pressure is on for business travel programs to prioritise sustainability and reduce their environmental impact. However, for some, the reality of putting such plans in place can be overwhelming. Manually tracking, calculating, and offsetting greenhouse gas emissions can be time-consuming, potentially inaccurate, and hard work.

Including carbon dioxide equivalent (CO₂e) visibility and offsetting options within the online booking tool is a real step forward, encouraging travel bookers and travellers to see sustainability as part of an ongoing, informed decision-making process.

FCM's OBT, Savi, allows users to compare the greenhouse gas emissions produced by different flight paths and cabin classes during the booking process. This is displayed in kilograms of CO₂e emitted per flight. Savi can also prioritise hybrid and battery electric vehicles for rental car options to make a difference on the ground. This can encourage more sustainable choices at the point of booking, which would reduce the CO₂e emitted by your program.

This GHG visibility is powered by Tasman Environmental Markets' technology BlueHalo - a leader in travel climate technology – and is one of the numerous tech capabilities we draw on (with the aid of our partners) to help clients understand their overall environmental impact from travel.

Travel is getting more complicated but FCM's continued efforts to make available (through its partners) best-in-market sustainability tools and technology makes achieving your objectives easier.



SAVI's carbon functionality includes:

- Hybrid and electric battery rental car preferencing
- Visualise the CO₂e impact of different flight options
- Granular emissions calculations that consider seat class and aircraft type
- View your company's offsetting investment and the projects you're contributing towards
- Push CO₂e emissions and offsetting data to live reporting

3: Business travel offsetting

FCM's role is to 'get curious' with our customers about sustainability in business travel. We can tailor a customer's travel program from simple carbon visibility within our booking tool, to high-level carbon emissions reporting, to an integrated solution with one of our partners who are the experts in the science and mechanics of carbon calculations and offsetting.

Verified by local authorities

Many carbon offsetting programs use generic or European methods for calculation. FCM has relationships with local and global partners so we can align our solutions and bring in the right experts to support your goals. Savi's emissions visibility features and connected carbon reporting comply with both Climate Active in Australia and New Zealand's Ministry for the Environment (NZMFE) standards. In FCM Reporting, you can access CO₂e reports for Hotel, Car, and Air using DEFRA's (Department of Environment, Food & Rural Affairs) Greenhouse Gas Protocol calculation standards to help guide your sustainability decisions and offsetting. Different options use different calculation logic and can provide different levels of detail. Ensuring you have the right solution in place to support your goals can help avoid re-validation of emissions, saving you time and resources.

Local to global, tangible impact

Finding the right offsetting projects again requires consideration. Our offsetting partners offer a range of verified initiatives that support international and domestic projects, so you can make an impact aligned to your company mission and culture. Unlike a generic global program, you can choose to direct your offsets towards a portfolio that includes both Australian and New Zealand projects. Whether it's renewable energy, forest regeneration, bushfire management, or supporting traditional Aboriginal land custodians, you can make a tangible impact in your community. See exactly where your money is being spent and how you're making a difference in relation to the United Nations Sustainable Development Goals associated with each project.

Accurate and automatic

Are you manually exporting travel data and trying to calculate the impact from there? Instead, you can automate offsetting by making it part of your booking flow for the ultimate streamlined process. Your flight booking data can be automatically sent to our recommended offsetting partner and their carbon reporting suite, giving you real-time visibility over your emissions and offsets. Offsets are only processed once a trip is complete, so you don't have to worry about cancellations or changes.

Access world-class carbon market expertise

You can access world-class carbon emission expertise through our online booking tool, Savi. Our partnerships with local and international offset providers ensure a reliable supply of verified, regional and global offset programs. We've also integrated technology to gather data and calculate the impact and cost to offset. You can download reports on previous carbon calculations and the volumes of offsetting done to date, and access your formal retirement certificates and invoices as proof of your commitment to achieving carbon-neutral travel.

4: Sustainable Travel Consulting

Future proof your travel program

As the corporate world races to reduce its carbon footprint, organisations need more support for their sustainable travel strategy. FCM Consulting's market insights, data analysis and customised solutions can be embedded into your travel program to maximise efforts and drive positive change.

From carbon offsets to sustainable policy changes, we know which changes can be made most effectively without impacting business operations. Be a force for good and get ready for a comprehensive approach to sustainable business travel – starting with your travel program.



FCM Consulting played a vital role in establishing our strategy, policies, and overall management of our program – I couldn't have done it without them.

PROCUREMENT MANAGER, TECHNOLOGY & DISTRIBUTION COMPANY



Measure your full emissions impact

We'll take a deep dive into your company's travel CO₂e emissions and provide a clear breakdown of your output, using dynamic visualisation tools. Once you've got the full picture of your emissions, we'll see how they measure up against your organisation's sustainability goals, using real-time interactive reporting.



Lead the way with transformative strategies

Our consultants will provide you with educational content, workshops, and analytics to encourage positive travel behaviour within your team and reduce emissions in line with your organisation's climate targets. FCM's strategic recommendations are always borne out of real-life data and implemented according to your unique needs



Take your travel policy to the next level

Even the smallest changes to your travel policy can make a big difference – like adjusting your business class policy or promoting direct flights. We'll use data modelling to visualise the impact these changes could make to your emissions and provide the right tools to encourage stronger policy compliance.



Lower your impact on the planet

We provide solutions to effectively reduce your emissions. From offsetting to carbon removal, FCM has access to over 100 carbon mitigation projects that can affect real change beyond your business. Educational tools can also help to give your travellers a clear understanding of their impact and inform better decision making when booking.

Ready to travel more sustainably? Contact your FCM contact or visit fcmtravel.com/en-nz/what-we-do/consulting to learn more.



Trent Brash
Group Sustainability Manager
Steel & Tube

Customer story: Steel & Tube's sustainability journey

For Steel & Tube, sustainability is about having a net-positive effect on the world around us. We're proud to supply building materials that are infinitely recyclable, extremely durable and reduce waste on construction sites. We know that steel provides many benefits, particularly at its end of life; it is infinitely recyclable with zero product degradation and improves a structure's lifespan by decades. The key will be decarbonising steel (colloquially known as 'green steel') during the production process. It's also about business practices that positively impact our communities and people – our 'One Team' approach ensures that we put our people and communities first.

Business travel is an essential part of running a business, and we will always need it to some degree, but we can be more thoughtful about the ways and frequency in which we travel.

Reliably measuring our emissions is the first step to reducing them. FCM provides Steel & Tube with a software suite that allows us to understand our travel behaviour, from a holistic view, down to a specific trip. This enables the right people in the organisation to know where our outliers are, how we are tracking against our goals and what we can do to reduce our emissions in this category, if necessary.

FCM also gives Steel & Tube access to digital tools that automate processes and reduce travel admin, and offsetting tools that integrate with our overall reporting system. We've onboarded Savi (an online booking tool) and the FCM platform app into our operating environment, regularly report on our emissions through FCM's reporting and analytics tools and are looking into the option of offsetting our air travel at the time of booking through Savi & TEM. When Steel & Tube needs support as priorities change, FCM can absorb that administrative burden for us. As our relationship has developed, FCM has transitioned from only a travel management vendor to a sustainability partner for our organisation.



PART 4:

WHAT'S NEXT - LOOKING TOWARDS THE FUTURE

He aha ā muri atu - te anga atu ki te āpōpō





Part 4: What's next - looking towards the future

What's on the horizon - sustainability trends in corporate travel

The use of biofuels will be a focus for many airlines in 2022.

Air New Zealand is partnering with a local government agency to find an operator for a commercial, sustainable aviation fuel plant (SAF). Sustainable aviation fuel will play a significant role in Air New Zealand's decarbonisation plans, potentially reducing 50% of its carbon emissions by 2050, alongside zero-emission aircrafts, operational efficiency and fleet renewal.

The airline has said that zero-emission aircrafts, such as future hydrogen planes, could cut 20% of emissions, and operational efficiency could cut 2% of carbon.⁸

Incorporating climate into procurement will also be a consideration.

The public and private sectors have been incorporating climate action and insight into procurement policies, products and their value chains.

Measuring and offsetting carbon introduces an internal carbon price that can drive decarbonisation efforts. This procurement is driving change throughout each sector, for example, minerals, local government, logistics and eCommerce.

Transitioning to a low-emissions future

On 16 May 2022, the Government released New Zealand's first Emissions Reduction Plan (ERP), which contains targets and actions to reduce emissions.⁸

The plan sets out what we need to do to get on track to meet our first Emissions Budget. The budgets are a sinking lid on our emissions and an important way of tracking whether New Zealand is meeting its longer-term targets and obligations to the Paris Agreement.

New Zealand has made commitments to the following domestic emission targets under the Climate Change Response Act (CCRA):

- **Net-zero emissions of all GHG other than biogenic methane by 2050⁹**
- **24% to 47% reduction below 2017 biogenic methane emissions by 2050, including 10% reduction below 2017 biogenic methane emissions by 2030⁹**

To help deliver the plan, the May 2022 Budget funded a wide range of initiatives to help us meet the targets in the first Emissions Budget (due 2025). Initiatives funded include helping more New Zealanders buy electric vehicles,

cleaner and more affordable public transport and co-funding for large emitters to transition to clean energy and clever technologies.

An ESG-centric travel program

Lastly, sustainability now goes far beyond 'a focus on the planet', and in 2023, more businesses will be looking to take an ESG-centric approach when building and reviewing their travel programs.

Reducing emissions will remain a key part of the sustainability equation, but with a mindset shift towards more mindful, purposeful travel, it's about giving employees the information they need to make more sustainably-responsible choices around travelling less and travelling better.

What's even more crucial in the context for travel with health and safety regulations constantly changing, is how your travel program impacts employee wellness, and overall, your company's view on diversity, equity and inclusion.

The answers will likely drive you to analyse your travel supply chain and identify potential practices in line with broader company ESG strategies. This includes looking more closely at travel policies, booking processes and workflows, sustainability reporting, travel demand management, traveller tools (apps) and education – all areas where FCM can help guide and direct you.

GLOSSARY

Carbon Footprint of a Product (CFP)

Sum of GHG emissions and GHG removals in a product system, expressed as CO₂ equivalents and based on a life cycle assessment using the single impact category of climate change.

Category 1 GHG emissions and removals

Direct GHG emissions and removals occur from GHG sources or sinks inside organisational boundaries and that are owned or controlled by the organisation. Examples include combustion of petrol in a company owned vehicle fleet, combustion of LPG in company owned equipment, and fugitive emissions from a company owned refrigeration system.

Category 2 emissions

Indirect emissions from [production of] energy – electricity, heat, steam, cooling, compressed air.

Category 3-6 emissions

All Indirect emissions (with the exception of Category 2) in the value chain of the organisation. Includes, but not limited to transportation services, other products and services used by the organisation, use of products sold by the organisation.

CO₂e

CO₂e (also written as carbon dioxide equivalent, CO₂ equivalent or CO₂eq) is a metric measure that is used to compare emissions from various greenhouse gases on the basis of their Global Warming Potential by converting amounts of other gases to the equivalent amount of CO₂. The main difference between CO₂ and CO₂e is that CO₂ only accounts for carbon dioxide, while CO₂e accounts for carbon dioxide and all the other gases as well: methane, nitrous oxide, and others.

Carbon credits

A tradable, non-tangible instrument representing a unit of CO₂e – typically one tonne - that is reduced, avoided, or sequestered by a project and is certified/verified to an internationally recognised carbon accounting standard.

Carbon offsetting

The practice of compensating for greenhouse gas emissions by retiring carbon credits.

Carbon reduce

Accurately measure your greenhouse gas emissions, and put in place strategies to manage and reduce impacts.

Carbon zero

Accurately measure your greenhouse gas emissions, and put in place strategies to manage, reduce, and offset your impacts. Offset your remaining emissions through verified carbon credits to achieve a neutral balance.

Carbon positive

Go beyond carbon neutrality to make a positive impact on society. Accurately measure your emissions, and put in place strategies to manage, reduce, and offset your impacts set against the ultimate best practice in science-aligned targets.

Emissions reduction pathway

The planned yearly (or similar) emission levels occurring over time between the stated base year and the emissions reduction target year. Typically developed and plotted as a line graph trajectory and based on any combination of projects/interventions that are anticipated to result in a reduction in emissions within the measurement boundary.

Emissions reduction target

The desired level of emissions a Toitū program participant has committed to achieve by a specified target year, relative to a base year. Targets are typically either near-term/short-term (5-15 years), or long-term (e.g., by the year 2050).

Greenhouse Gas (GHG)

Means carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, nitrogen trifluoride (NF₃) and sulphur hexafluoride.

Indirect GHG emissions

Emissions that are a consequence of an organisation's operations and activities, but that arises from GHG sources that are not owned or controlled by the organisation.

Scope 1 emissions

Emissions from operations that are owned or controlled by the reporting company.

Scope 2 emissions

Emissions from the generation of purchased or acquired electricity, steam, heating or cooling consumed by the reporting company.

Scope 3 emissions

All indirect emissions (not included in scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions.

Science-aligned/Science-based targets

Targets are considered 'science-based' if they are in line with what the latest climate science deems necessary to meet the goals of the Paris Agreement – limiting global warming to well below 2°C above pre-industrial levels and pursuing efforts to limit warming to 1.5°C. The Toitū carbon programs refer to the Science Based Targets Initiative (SBTi) for the latest criteria and guidance on aligning to being science-based.

A man with a beard and long hair, wearing a dark blue suit jacket over a light-colored shirt, is leaning on a stone wall. He is smiling and looking towards the right. In the background, there are lush green trees and a body of water. A bright green arrow points from the left towards the text, and another bright green arrow points from the right towards the text.

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