

IAG signs agreement with Microsoft for the large-scale global purchase of Sustainable Aviation Fuel (SAF)

- IAG's purchase of 14,700 tonnes of Sustainable Aviation Fuel (SAF) is a joint agreement with Microsoft, aligning with Microsoft's goal to reduce business travel and air freight carbon emissions.
- This agreement is part of IAG's efforts to invest in and accelerate the SAF industry, particularly in the UK and Europe, with a goal of using SAF for 10 per cent of its fuel needs by 2030.
- Phillips 66 Limited's Humber refinery, which is scaling up its UK SAF production, will be producing the fuel.
- Corporates can reduce their Scope 3 emissions from air travel and freight by partnering with IAG.

14 August 2023.- International Airlines Group (IAG) and Microsoft have signed the largest co-funded purchase agreement for Sustainable Aviation Fuel (SAF) emissions reductions globally, where both parties are funding part of the cost of the supply.

IAG's industry-leading SAF programme has seen it commit to \$865m in future SAF purchases and investments as of the end of 2022. It has a target to meet 10 per cent of its fuel needs from SAF by 2030, and was the first European airline group to set this target. IAG is funding supply agreements as well as investments to accelerate SAF production, including in Nova Pangaea's waste-to-fuel production facility in the UK.

Microsoft will co-fund 14,700 tonnes of IAG's SAF purchasing in 2023, enough to fully fuel approximately 300 British Airways Boeing 787 flights between London and Seattle. This agreement will enable Microsoft to reduce its Scope 3* emissions and make progress toward its goal of being carbon negative by 2030.

SAF produced from used cooking oil and food waste (which will be certified by International Sustainability & Carbon Certification (ISCC)) will be supplied to IAG airlines (British Airways, Aer Lingus, Iberia and Vueling) operating from London's Heathrow and Gatwick airports during 2023. The SAF will be provided by Phillips 66 Limited's Humber Refinery, which is the UK's only industrial scale producer of SAF. In 2021, British Airways signed a multi-year agreement for SAF supply from Phillips 66 Limited.

IAG has been working with the aviation industry in its campaign for further government policy support to stimulate investment in SAF production. With the right policy support, 30 SAF plants could be built across the UK and Europe over the next eight years, saving seven million tonnes of CO₂ annually by 2030.

"Reducing emissions from aviation through decarbonisation efforts such as this, whilst recognising the societal and economic benefits of flying requires increased commitment from all stakeholders," said Julia Fidler, Environmental Sustainability Fuel and Materials Decarbonization Lead at Microsoft. "This agreement represents a new milestone in SAF purchasing that will allow Microsoft to address emissions from both our business travel and freight for our cloud supply chain, while helping to fund future SAF development and scale the market as a whole."

The SAF used as part of this agreement is expected to reduce lifecycle carbon emissions by at least 80 per cent compared to the conventional jet fuel it replaces. Using sustainable sources like waste cooking oil, or other wastes and residues – rather than fossil materials, newly extracted from the ground – means SAF releases existing carbon, rather than adding new carbon to the atmosphere.

Jonathon Counsell, Head of Sustainability at IAG said: “The development of SAF is critical for the long-term decarbonisation of our industry. Strong commercial partnerships like this will help stimulate the global investment needed to build and sustain a commercially viable SAF market. We are pleased to see high profile organisations like Microsoft leading the way.”

ENDS

Notes to Editors

***About Scope 3 emissions**

*Scope 3 encompasses emissions that are not produced by the company itself, but by those that it is indirectly responsible for, up and down its value chain.

As businesses advance towards a carbon-neutral future, they are increasingly partnering across their value chain to achieve further emissions reductions. SAF is the single largest decarbonisation lever for airlines, but SAF has a significantly higher price and lower availability than conventional jet fuel. By partnering with its corporate customers, IAG airlines are able to purchase more SAF and reduce their Scope 1 (direct) greenhouse gas emissions; corporate customers also benefit by lowering their Scope 3 (supply chain) greenhouse gas emissions from flying.

About IAG

International Airlines Group (IAG) is one of the world's largest airline groups with 558 aircraft flying to over 250 destinations and carrying around 94 million passengers each year. Its leading airlines in Spain, the UK and Ireland include Aer Lingus, British Airways, Iberia, Vueling and LEVEL. It is a Spanish registered company with shares traded on the London and Spanish Stock Exchanges.

IAG was the first airline group to commit to net zero emissions by 2050 and the first European group to pledge to use SAF for 10 per cent of its fuel needs by 2030 – equivalent to taking one million cars off the road each year. As of the end of 2022, IAG had committed \$865m in SAF investments and purchases, with agreements in place with a number of suppliers in the UK, US and Spain.

About Phillips 66

Phillips 66 Limited is a wholly owned subsidiary of Phillips 66, that manufactures, transports and markets products that drive the global economy.

The diversified energy company's portfolio includes Midstream, Chemicals, Refining, and Marketing and Specialties businesses. Headquartered in Houston, Phillips 66 has employees around the globe who are committed to safely and reliably providing energy and improving lives while pursuing a lower-carbon future. For more information, visit phillips66.co.uk and Phillips66UK on Twitter and LinkedIn.