

CSR case studies



British Airways

British Airways' Climate Change Programme comprises its own voluntary actions, promotion of industry solutions to policy makers and support of research into areas of uncertainty in climate change science and aviation.

● The company

The British Airways group consists of British Airways plc and a number of subsidiary companies including British Airways Holidays Limited.

British Airways is one of the world's leading airlines with a network that provides passenger and freight services to 149 destinations in 72 countries. In 2004/05, British Airways carried over 35 million passengers and nearly 900,000 tonnes of cargo. Its airline network is centred on the United Kingdom, where 85% of its 47,500 workforce is based.

The mission of the group is to deliver service that matters for people who value how they fly. To realise this, British Airways recognises the importance of working in partnership with its stakeholders. This has influenced its approach to corporate social responsibility (CSR). Its approach has also been influenced by the recognition that airlines generate major social and economic benefits, but also have significant impacts on the environment (for example, through noise and air quality) and on communities around airports.

There are several reasons why British Airways chose to engage in CSR. The first is because it is a tool to help achieve the company's long term strategic goals in providing growth opportunities around Heathrow airport. Secondly, improving business efficiency and reducing costs through waste and energy programmes provided a strong business case for CSR. The company also thought CSR

could help them with risk management by identifying risks to health, safety and environment that could hinder its opportunity to attract investors and grow the business. Lastly, it recognised that it needed to act to enhance its corporate reputation, and customer feedback (both corporate and from the general public) revealed that they expected British Airways 'to do the right thing'.

This case study focuses on one of British Airways' CSR programmes – the Climate Change Programme.

● The drivers

Climate change emerged as an issue for business in the 1990s. The growing evidence led to the establishment of potential damaging impacts of carbon emissions leading to the establishment of the UN Framework Convention for Climate Change and the Kyoto Protocol. Climate change is increasingly relevant to British Airways as aviation is a growing contributor to global carbon dioxide emissions, a main greenhouse gas, and consequently to climate change. The increase in emissions – stimulated by a rise in passenger and freight travel – coincides with many politicians and civil society groups calling for industry to reduce carbon emissions. "This presented a problem for British Airways, especially when it seeks to be a leading player in the industry for environmental issues. This was a major driver for the development of our Climate Change Programme", said Dr Andrew

Sentance, Chief Economist and Head of Environmental Affairs at British Airways.

● **Taking action**

In response to this driver British Airways' board decided to develop a Programme of work on Climate Change. The Programme first sought to identify ways in which the company could reduce its own impacts. By auditing its emissions and energy use, targets for reduction in these areas were developed – for example, a fuel efficiency target of a 30% improvement between 1990 and 2010. To date this represents a saving of 50m tonnes of carbon dioxide (CO₂) emissions.

A second strand to the Programme evolved from its interaction with the UK Government, to promote long-term solutions for the industry based on trading carbon emissions. In 2001 British Airways joined the UK Emission Trading Scheme (ETS). The company was asked by the UK Government to set voluntary emission reduction targets covering its domestic air services and UK facilities. (The carbon emissions saved can then be sold to another company, which needs to go above its carbon emission allowance).

British Airways agreed to participate as it provided an excellent opportunity to get some first hand experience in one of the world's first emission trading schemes. The government also pays an incentive so that companies in the scheme make the best voluntary reduction possible. British Airways set a target of total reductions in annual emissions of 125,000 tonnes of CO₂, to be achieved over the five years 2002-2006. In 2004 the company agreed with the UK government to increase the voluntary target.

British Airways' participation in the ETS has demonstrated that it is workable for the aviation sector. It also served to encourage the company's various departments to take action. For example, the property department set a 2% per annum reduction in energy. So far this has yielded a saving of 31,000 tonnes of CO₂ per annum.

Since September 2005 and as part of the Programme, British Airways has been piloting a carbon offsets project. This allows passengers to offset the carbon expenditure caused by their travel, by investing in carbon offsets projects. Take-up so far has been slow, although BA has been active in promoting the scheme with a press launch, emails to executive club members and articles in magazines. One inhibiting factor has been the increase in fuel surcharges, which may have made passengers less interested in paying for other additional costs.

Another strand to the Programme arose from the lack of knowledge in atmospheric science and the relationship between aviation, the atmosphere and climate change. For example, what are the effects of aircraft-induced cirrus clouds on climate change? British Airways participates in the European Commission's research programme (IAGOS), which was established in April 2005. As part of the research, British Airways will look at the feasibility of fitting special instruments to the outside of its planes to measure and monitor the atmosphere during flights.

In developing its Climate Change Programme, British Airways has had to overcome several challenges, some of which still remain. The political environment in which the company operates harbours many different views on climate change and there are different levels of awareness surrounding the topic. This means that airlines take different views, as do governments. In the UK the government (through its White Paper on aviation) has made it clear that expanding the aviation industry will mean that the industry has to deal with environmental issues. However, the governments of many European countries have not gone through such detailed consultation and analysis and may not have such clarity on the issue. Another challenge to the company was the cost implication of taking action when others within the industry were not.

British Airways has attempted to deal with these challenges by improving understanding of the issues, proactively leading and

stimulating the debate through direct advocacy with government and participation at various fora.

● **The business benefits**

Feedback from government and from experts on the environment has revealed that the Climate Change Programme has positioned British Airways as a responsible airline. By becoming more involved in the debate, it has been able to steer that debate towards (in its view) the most sensible proposal of emission trading, rather than other interventions that could be expensive for the industry. In this way, British Airways has been better able to manage its risks. The investment community has acknowledged this, and because of this it has enabled British Airways to attract investment. A final benefit has been that, owing to its and other companies' attitudes to environmental sustainability, there is a genuine prospect of expansion at Heathrow Airport offering new opportunities for growth to British Airways.

● **Why is it CSR?**

The Climate Change Programme is CSR because it is about taking actions to reduce its impact on the environment. Climate change is a growing threat to the environment and to societies everywhere. British Airways' actions on climate change go beyond compliance, demonstrating that it is taking voluntary actions to reduce its contribution to carbon emissions and better understand its impact on climate change.

● **What next?**

British Airways wishes to maintain its industry leadership position by continuing to develop policy and advocacy for cost effective instruments that benefit the environment. As part of this, it seeks to improve its customer engagement on climate change, to raise awareness and communicate British Airways' work in the area. It will further develop its ground energy strategy to include actions to further reduce its internal impacts, for example, improving energy efficiency in its maintenance hangers. Lastly, it is continuing to develop and seek improvements in meeting its fuel

efficiency target with a view to setting a new target for 2010 onwards.

Contact us

Any comments on this profile?
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