IAG and Microsoft strengthen partnership with largest and longest Scope 3 Sustainable Aviation Fuel (SAF) agreement to date

- This agreement forms part of IAG's work to invest in and accelerate SAF production, particularly in the UK and Europe, with a goal of using 10 per cent SAF by 2030.
- This Scope 3 agreement between airline and corporate customers aligns with Microsoft's goal to reduce lifecycle emissions from business travel and air freight.
- SAF used as part of the agreement will be manufactured in the UK by Phillips 66 and in the United States by LanzaJet's Freedom Pines Fuels, the world's first commercial-scale alcohol-to-jet production facility.

02 April 2025

International Airlines Group (IAG) and Microsoft are strengthening their efforts to reduce lifecycle carbon emissions across the industry by extending their 2023 co-funded purchase agreement for Sustainable Aviation Fuel (SAF)* by five years. Under the new terms, Microsoft will co-fund an additional 39,000 tonnes of SAF that will help reduce lifecycle carbon emissions by approximately 113,000 tonnes. The extension to the agreement enables Microsoft to address Scope 3 lifecycle emissions and is the largest and longest Scope 3 SAF agreement to date between an airline and corporate customer, according to publicly available data.

Scope 3 encompasses lifecycle carbon emissions that are not produced by a company itself, but that it is indirectly responsible for up and down its value chain. By partnering with its corporate customers, IAG is able to purchase more SAF and reduce its Scope 1 (direct) emissions. Corporate customers also benefit by lowering Scope 3 lifecycle emissions from the industry commensurate to a proportion of their corporate flying.

Microsoft is also co-funding SAF that is used by the Group's airlines to ship data centre components globally, in partnership with Microsoft's freight forwarders. Microsoft's contribution to the cost of SAF production will support the airlines within IAG with the overall reduction of lifecycle emissions.

Jonathon Counsell, IAG's Group Sustainability Officer, said: We're pleased to work with like-minded organisations such as Microsoft to expand efforts to reduce flying lifecycle emissions. Long-term agreements help encourage much-needed funding in SAF production, something that IAG is championing through our investment in global SAF projects such as LanzaJet."

Julia Fidler, Environmental Sustainability Fuel and Materials Decarbonization Lead at Microsoft, said: "We are taking our collaboration with IAG further, extending our SAF purchase agreement to bring Microsoft closer to our goal of being carbon negative by 2030, while ensuring a multi-year commitment to help drive greater SAF production. We are pleased to work alongside IAG on efforts to increase demand and make SAF more widely available through our shared long-term purchase agreement."

Using alternative fuel sources – rather than newly extracted fossil materials – means SAF releases existing carbon, instead of adding new carbon from fossil fuels to the atmosphere. By the end of 2024, 1.9% of IAG's total fuel usage for the year was SAF and total expenditure, including future commitments for SAF offtakes, exceeded $3.5 billion. IAG has been working with the aviation industry in its campaign for further government policy support to stimulate investment in new SAF production technologies.

The SAF used as part of the IAG and Microsoft agreement will be produced from used cooking oil and food waste at Phillips 66's Humberside refinery, and from sustainably source bioethanol at Georgia-based Freedom Pines Fuels, LanzaJet's facility in the United States. Both fuels are certified by International Sustainability & Carbon Certification (ISCC).

The Microsoft Climate Innovation Fund, a $1 billion initiative supporting new climate technologies through investments, has previously invested in LanzaJet. LanzaJet's Freedom Pines facility is the world's first commercial-scale alcohol-to-jet production facility and will supply SAF to British Airways.

ENDS

Notes to Editors

*Sustainable aviation fuel (SAF) is defined in the *ReFuelEU Aviation Regulation* as aviation fuels that are either synthetic aviation fuels, aviation biofuels or recycled carbon aviation fuels. SAF can reduce overall greenhouse gas (GHG) emissions based on a life-cycle analysis compared to conventional jet fuel. Tailpipe emissions are not reduced instead, the reduction comes from the production process. While SAF is one approach to reducing aviation emissions, there are remaining challenges in scaling its production and availability. This means that SAF is currently at least 3 to 4 times more expensive. Today, just a very small part of the fuel used by commercial airlines is SAF. The ReFuelEU Aviation Regulation promotes the increased use of SAF to decrease aviation CO_2 emissions. The measure is part of the Fit for 55 package to meet the emissions reduction target of 55% by 2030. It sets requirements for aviation fuel suppliers to gradually increase the share of SAF blended into the conventional aviation fuel supplied at EU airports.

About International Airlines Group

International Airlines Group (IAG) is one of the world's largest airline groups with 600+ aircraft carrying more than 122 million customers to 260 destinations across 91 countries each year. Its leading airlines in Spain, the UK and Ireland include Aer Lingus, British Airways, Iberia, LEVEL and Vueling. The Group also consists of two complementary businesses: IAG Cargo and IAG Loyalty. As the first airline group globally to commit to net zero by 2050, sustainability is a core part of IAG's strategy. By the end of 2024, IAG's investments in Sustainable Aviation Fuel (SAF) totalled $3.5 billion, moving closer to its goal of fuelling 10% of airline operations with SAF by 2030.