QANTAS TO SET UP CLIMATE FUND AS IT TRACKS TOWARDS NET ZERO

News / Airlines



Qantas Group will establish an AUD$400 million climate fund to provide direct investments in sustainability projects and technologies, as the airline works towards its emissions reduction targets. The Qantas Climate Fund, announced as part of the Group's Investor Strategy Day, will be the largest aviation fund of its kind in the world. The fund includes the ~AUD$290 million partnership established last year between Qantas and Airbus to accelerate a domestic sustainable aviation fuel industry in Australia and an additional AUD$110 million from Qantas for other environmental projects such as high-integrity carbon offsets, offshore SAF investments, and operational efficiency technologies.

The Fund will target direct investment in technologies and projects, investment in managed sustainability funds that align closely to the airline's targets, and research and development partnerships.The airline has committed to reducing carbon emissions by 25 per cent by 2030 (based on 2019 levels) and 10 per cent use of SAF in the Group's fuel mix by 2030 as it moves towards net zero emissions by 2050.The airline is calling for expressions of interest from industry and businesses seeking funding.

Calling for a sustainable aviation fuel mandate

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SAF is the most significant tool airlines currently have to reduce their emissions, particularly given it can be used in today's engines and fuel delivery infrastructure with no modifications. Qantas is currently purchasing SAF sourced overseas, including 10 million litres for flights out of London in 2023, and from 2025, 20 million litres per year for flights out of California. However, Australia does not have a local commercial-scale SAF industry.

Domestically-produced SAF will be a key part of the Qantas Group reaching its commitment to use 10 per cent SAF in its overall fuel mix by 2030 and around 60 per cent by 2050. To help kickstart local production of SAF, the Group is today calling for the Australian Government to introduce a SAF blending mandate as part of a broader framework of industry policies, similar to those already announced in other jurisdictions. The UK, Europe and Japan have set or proposed mandates of between 5 and 10 per cent to be reached by the end of the decade and the US has set a 2030 production target of 3 billion gallons per year.

Qantas Group Chief Sustainability Officer Andrew Parker announced the additional sustainability investment as part of the airline's 2023 Investor Day. Mr Parker said: "Managing climate change is now built into how we do business and is a key part of our strategy through to 2030 and beyond. We have already made progress towards our interim climate targets with sustainable aviation fuel powering our flights out of London, more fuel-efficient aircraft arriving every month and a mature carbon offset program. We need to turbocharge these efforts if we are to cut our carbon emissions by 25 per cent by 2030 and have net zero emissions by 2050.

We're backing our targets with an expanded investment of up to $400 million to help projects get off the ground, because it's new technologies and bringing proven solutions to scale that will deliver the emissions reductions we need, and protect the future of travel in the process. Governments around Australia are making important progress on working with industry to help decarbonise, and we welcome that. Creating markets for new fuels is a critical part of tackling climate change, which is why we're today calling for a SAF mandate to be introduced to catalyse the development of the industry.

Several of the countries we fly to have already committed to blending mandates of 5 to 10 per cent by 2030, and others are well on the path to introducing one. Australia has significant advantages for SAF production and there's a great opportunity to create a new domestic industry. Without the right policy settings and signals we will see investment, projects and feedstocks move offshore to places with specific policy support. We look forward to working with government and the rest of the industry to ensure we capitalise on this opportunity for Australia."

Progress towards net zero

- In 2019, the Group was one of the first airlines in the world to announce its commitment to net zero emissions by 2050.
- Climate change considerations have been integrated into the Group's financial framework, including considering a cost of carbon in financial decisions, and performance against climate targets has been linked to executive remuneration from FY23 onwards.
- Coalition formed with major corporate customers which allows them to reduce emissions through sustainable aviation fuel.
- Major fleet renewal program underway as part of efforts to increase fuel efficiency by an average of 1.5 per cent per year to 2030.
- Qantas offers a Fly Carbon Neutral program, providing customers with the opportunity to offset their flights.
- Qantas launched a Green Tier for frequent flyers in 2022, which has seen more than

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400,000 frequent flyers take steps towards reducing their environmental footprint.
- In addition to emission reduction targets and initiatives, the Group has committed to zero single-use plastics by 2027 and zero general waste (excluding quarantine waste) to landfill by 2030.

30 MAY 2023

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https://ut.50skyshades.com/news/airlines/qantas-to-set-up-climate-fund-as-it-tracks-towards-net-zero

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