

Why Sustainability in Aviation matters?

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The core focus of his consultancy is to help businesses to maintain an excellent reputation which is becoming more important in keeping and winning new customers. In his line of work, Peter often tackles those new topics for which his clients don't have the right answers yet, where there is no blueprint in the company history. He basically looks at these new issues, provides analysis, and advice on the best way forward in an ever-changing complex business environment.

Why is sustainability getting ever more important?

Sustainability has been an item that has grown in importance over the past few decades. But for much of the time it's been considered somewhat of a 'fringe' issue, and not a central aspect of how business is done. This has been changing gradually, but unless you are keenly tracking it, you may not notice significant change. It's like the frog that you immerse in cold water, which is then heated slowly until it boils; the poor creature doesn't notice the small gradual change until it is too late.

Sustainability has been on the planet's agenda at least since the Club of Rome published its "The Limits to Growth" in 1972. While this publication was primarily concerned with sustainability referring to limited resources in the face of population growth and economic growth and its consequences for the planet, the oil crisis of 1973 and 1979 brought environmental concerns onto the agenda. Following that, the so-called Brundtland Report of 1987 addressed the issue of sustainable development, followed by the first United Nations Conference on Environment and Development, also called the Rio Summit or Earth Summit, held in Rio de Janeiro in June of 1992, followed 20 years later by the Rio+20 Summit.

Right now, climate activists and scientists are trying to make sure we notice the planet is heating up, has been heating up more and more, and for too long, that this may not even be reversible, and therefore not sustainable. But as I said, the issue is not new. It's just that now we cannot dismiss it any longer. Climate change is real, and we are already feeling the consequences, with one so-called "hottest" summer following another previously dubbed "hottest summer", with turbulent and catastrophic weather and climate conditions.

So, we are called upon to look for solutions. Going back to the stone age is not a solution. We are much too used to and dependent on maintaining our current lifestyle, so we need smart answers and solutions. Answers which do not deprive us of our individual means of transportation, our way of life, but which also allow us and our future generations, our kids and grandkids to live a similarly comfortable or even better life.

Many industries will therefore need to reinforce their efforts in looking at their business contribution to the environment, as well as their economic and social footprint. Because these issues are intertwined.



Why should the aviation world have a solid policy?

The aviation industry is relatively new. Only 100 years ago, the first airplane crossed the Atlantic. Yet today, estimates are that at any given time of the day, between 6,000 and 10,000 airplanes are in the air around the globe. In the European Union alone, growth in passenger travel between 1990 and 2005 contributed to an increase in greenhouse gas emissions of 87%. A 2007 report from the Environmental Change Institute at Oxford University estimated the combined impact of the aviation industry to be around 4% of total climate change. Other organizations more recently arrived at similar conclusions.

So, just like the car industry or the power generation sector need to adjust, the aviation industry also needs to find ways to curb carbon emissions, not only while the aircraft is in the air, but across the entire value chain. Take for example taxiing time at an airport, the time it takes from landing to the assigned gate, idle time at the gate, and time from gate to take-off. There are large efficiency gains to be realized here. Or the immense amount of lighting energy consumed to illuminate the airside. Switching to new lighting technologies, e.g. a move from halogen to LED lights, can improve the environmental footprint and contribute to sustainability in a major way.

Airports themselves are major economic factors, providing employment to hundreds and thousands of employees in their neighborhoods. There is not just an environmental but also an economic and social aspect to this business. And let's not forget the impact that is made by the freight business in bringing us fresh products from around the world, and the joys of families being reunited during major holidays, or enjoying their vacations in faraway places. We cannot do away with airlines and airports if we want to maintain our lifestyle. But the signs are clear: it is high time to do something about the environmental, social, and economic impact of the aviation industry.

What is for you a solid policy? What should be addressed?

For many years, these issues were left to the invisible hand of the market, to speak with the concept of the famous 18th century philosopher Adam Smith. And to some extent the market has started to take these issues into their hands. Many institutional investors have for many years now increased their demands for more transparency on ESG issues, i.e. environmental, social, and governance issues from the management of the businesses they invest in. But that has not been sufficient. Therefore, international organizations have pushed for stronger regulations and legislation to be harmonized for these issues. OECD Guidelines for multinational enterprises have been publicized, ISO has issued a quasi-standard, other organizations have picked up on it. Most recently, the Commission of the European Union has issued a Directive on Corporate Social Responsibility, which has been translated into national laws in the 28 member states.

What are the most important elements?

You can put them into the three main categories mentioned earlier, environment, social, and governance.

We spoke about environment a lot already, climate change and so on. Add to that waste and waste water management, the handling of dangerous substances, recycling, and the so-called circular economy, where you look at product lifecycles, and introduce a novel way to approach that. But let's take a look also at the social aspects: non-discrimination of your workforce, be that on grounds of race or religion, age or gender or sexual orientation, to name just a few. Basically, the proper implementation of workers' rights, fair compensation and treatment, safe and harassment-free workplace environment are some of the issues that come to mind. And then the governance aspects, starting with a strong anti-corruption drive, compliance rules and organization, transparency in your business dealings.

There are quite a few issues, and this can be overwhelming, especially for smaller enterprises. Yet for every small company in the supply chain of the big companies it will become ever more important to provide their clients with a clean bill of health. No one wants to have their business boycotted just because they have been sourcing from a

supplier who did not have their house in order. So, for many suppliers it has been quite confusing, as all of their clients have inundated them with home-made questionnaires and assessments and declarations to fill.



What does the future look like?

To address this cacophony of different and maybe even contradicting requirements placed by big companies on their suppliers, there have been a number of attempts to harmonize and streamline the reporting requirements on a global scale. This is even more important now than it has been before, due to our overall interconnectedness globally. The most promising of the candidates for a common framework for reporting on these issues is the Global Reporting Initiative (GRI).

My advice to companies in the supply chain of the big ones is to orient themselves on the structure and methodology of the GRI reporting standards. It is not so much to have a public relations document published once a year. That would really miss the mark. What is important is that we change the way we do business in a sustainable way, and have the various management reporting and controlling instruments in place, to set guidelines and key performance indicators tracking the most important issues on a continuous basis, noting progress and where things go in the wrong direction.

Once these systems are in place and are tracking the topics, the report generation should ideally be based on facts and figures and not on the inventiveness of the report writer.

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