A CSR Model for Aviation
A registered Charity Organization in the UAE

DIHAD 2013

Presented by: Mr. Fathi Hilal Buhazza
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“We believe that the blessings and the wealth that have been granted to us by God Almighty must be spread to our brothers and our friends.”

- H.H. the late Sheikh Zayed bin Sultan Al Nahyan
What is CSR?

- The overall goal of any commercial business is to achieve sustainable, profitable growth.

- The role of any commercial business is to contribute to the improvement of the quantity & the quality of life through reasonable pricing.

- When business delivers on its role, society allows business to achieve its goal.
On Average 80% of Humanitarian Aid budget is devoted to logistics cost according to a recent estimate.

This means that for $10Bn Humanitarian budget, more than $8Bn is allocated to the expense of moving aid to theatre.
However according to IATA, **30%** of cargo space flies empty and unused.
CARE BY AIR
A HELPING HAND FROM THE UAE
How Care by Air works

For freighter airlines
(such as Maximus Air) participate in Care by Air by offering humanitarian missions on an “at cost” basis, which means all services provided without profit.

For scheduled, mixed cargo / passenger airlines
Airlines that carry a mix of passengers + cargo (such as Etihad) participate in Care by Air by offering empty and available cargo space on an “at cost” or a “no fee” basis as they deem appropriate.

For the logistics value chain
Members of the logistics value chain (such as airports, fuel suppliers, warehousing providers, ground handling operators) participate in Care by Air by offering services on an “at cost” or “no profit” basis as they deem appropriate.

Lower cost logistics = more aid to those that need it
Utilizing empty cargo space = increased resource efficiency
How Care by Air works

 HLCC

 Non-urgent goods are stored in Care by Air Hangar to be scheduled on commercial airlines

 Urgent goods are flown immediately through dedicated freight airlines

 An aid request comes and is directed to the HLCC

 Empty space on scheduled flight

 Goods are delivered to beneficiaries on schedule

 The Humanitarian Logistics Coordination Centre (HLCC) coordinates with all parties concerned to ensure prompt delivery of relief goods

 Beneficiary
Where the savings can come from

**CARE BY AIR**
A helping hand from the UAE

A saving of between 25-30% without considering fuel price can be achieved using the Care by Air 'at cost' principle

- **54% Fuel**
  Oil companies can provide fuel at discounted prices for CBA flights

- **3.6% Handling**
  Airports can exempt CBA flights from handling fees

- **34.7% Fixed cost**
  Fixed cost to operate aircraft including cost of crew

- **0.6% Overfly charges**
  Countries that CBA flights fly over can exempt CBA from overfly charges

- **4.6% Landing and parking**
  Airports can exempt CBA flights from landing and parking fees

- **2.5% War risk insurance**
  Insurance companies can offer discounts for CBA flights' insurance policies

Cost varies from operator to another which reflects on the variations in the saving opportunity

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Partners

- **Aramex**
  $11,000

- **Etihad Airlines**
  $149,000

- **ADAC**
  $14,000

**TOTAL**

$174,000

Free

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Care by Air delivered 35,000kg of syringes to Nepal
Care by Air brings urgent medical supplies to Nepal
Example of "at cost" model using empty space on commercial airlines

BACKGROUND
In Nepal, up to 70% of injections are given using reused syringes leading to the rapid spread of infectious diseases such as Hepatitis and HIV.

THE STORY
The UAE Ministry of Health in conjunction with the World Health Organization donated 30 tonnes of syringes to Nepal via Care by Air, which flew missions to Kathmandu.

THE RESULT
The missions underscored the success of the Care by Air ‘at cost’ business model, and the desire of all parties to play a role in saving people’s lives.

10 pioneering relief missions flew out of Abu Dhabi bound for Nepal

KATHMANDU, NEPAL

Savings of $165,500 on one shipment

<table>
<thead>
<tr>
<th>Partners</th>
<th>Commercial Costs</th>
<th>Care by Air Costs</th>
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</thead>
<tbody>
<tr>
<td>Aramex</td>
<td>$11,000</td>
<td>Free</td>
</tr>
<tr>
<td>Etihad Airlines</td>
<td>$149,000</td>
<td>$8,500*</td>
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<tr>
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<tr>
<td><strong>Total</strong></td>
<td><strong>$174,000</strong></td>
<td><strong>$8,500</strong></td>
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* Maximus paid the cost of Etihad Airlines

4 million single-use syringes donated to Nepal’s Health Authority.
Care by Air brings urgent food aid to Yemen
Example of "at cost" model using dedicated freight airlines

BACKGROUND

More than 10 million people in Yemen need food aid, half of them urgently (source WFP 2013). Data from the United Nations Information Centre indicates that malnutrition percentage among children in Yemen is one of the highest percentages of malnutrition worldwide.

THE STORY

Ramadan is a special time where thoughts turn to those less fortunate. Care by Air flew five Maximus Air Airbuses to Yemen carrying tonnes of cargo with food relief. Everybody in Care by Air worked to make this a successful mission. The landing, parking and handling charges were waived by airport authorities and ADNOC offered preferential rates. Once in Yemen the handling fee for the cargo was also greatly reduced.

THE RESULT

A successful collaboration of aviation and logistics partners who brought valuable help to those who most need it.

Savings of $ 224,010 on five flights

<table>
<thead>
<tr>
<th>Flight</th>
<th>Commercial Costs</th>
<th>Care by Air Costs</th>
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<tbody>
<tr>
<td>1</td>
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<td>$ 201,999</td>
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<tr>
<td>Total</td>
<td>$ 645,671</td>
<td>$ 421,662</td>
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</table>
Why Care by Air is Good for the Airlines?

• As airlines operate more aircraft hours, overall performance improves and cost per hour reduces at a decreasing rate.

• The cost curve follows a U-shaped function where the cost per hour goes on decreasing due to efficiencies being achieved and distribution of fixed costs (Aircraft Depreciation, Crew Salaries, Maintenance, Insurance and administrative overheads) over more flying hours.

• Beyond a certain utilization target the cost per hours starts to increase but at a slower rate.

• Flying for humanitarian missions at cost is highly sustainable business for airlines especially in achieving economies of scale with flying more hours leading to win-win situation for both airlines and humanitarian organizations.
Cost per hour trend with increasing flying hours

Note: Graph is based on actual figures used to illustrate a concept.
Care by Air is sustainable CSR

- By providing otherwise unused cargo space on an ‘at cost’ basis, cargo airlines are driving their overall unit costs down.
- This will make Care by Air a sustainable business model, one that will last beyond the current planning cycle or the next humanitarian crisis.
- Care by Air can become a key globalCSR initiative for the aviation and logistics industry.

It’s not charity. It’s a sustainable business model.
The at cost approach is about doing a good deed, and good business.
Integrity, Compassion and Transparency are at the heart of Care by Air.

Care by Air is founded on the pillars of integrity, compassion and transparency.

Member organisations must agree to be audited regularly to ensure these pillars continue to be adhered to.

**Vision:** To provide increased levels of humanitarian relief by maximizing the efficiency of logistical resources in the air and on the ground.

**Mission:** Establish an international logistical network that is renowned for its transparency and that is economically sustainable to deliver humanitarian relief aid at cost and according to best practice.

**Principles:** Transparency, integrity, compassion, respect, efficiency, teamwork, excellence.
Who **benefits** from Care by Air?

- All humanitarian agencies, both in the UAE and further afield, can benefit from Care by Air.
- The goal of Care by Air is simple: to reduce the cost of logistics for these organisations.
- It is based on the principle of making better use of empty air cargo space to carry qualifying humanitarian aid either ‘for free’ or ‘at cost’ (zero profit margin).
Ultimately, Care by Air benefits those people with severe need the most – victims of famine, civil war and natural disasters, victims not in a position to help themselves.
Taking Care by Air to new heights
Abu Dhabi, March 2013
How Care by Air is on course for success

- Since 2009, more than 1,000 tonnes of UAE aid delivered
- Last year, 32 flights performed to Nepal, Yemen, Jordan and Chad
- Board of Directors elected and Care by Air now a registered charity
- Growing with new partners: Hadeef Partners, MoUs with International Humanitarian City, Airport International Group, and Viceroy Hotel
Setting standards of excellence

Care by Air is proud that its work is being recognized globally through industry awards:

- CSR Award from World Air Cargo at Air Cargo China Expo
- Supply Chain and Transport Award (SCATA)
- Asian CSR Leadership Awards: disaster relief category
- Shortlisted for Arabia CSR Awards 2012
A future as a centre of excellence

A Humanitarian Logistics Coordination Centre (HLCC) will act as an operational hub based in Abu Dhabi airport. Care by Air will be an independent entity with dedicated staff working from the Logistics Centre. This will open employment opportunities for AE nationals and will offer youth the chance to volunteer and improve citizenship skills. Effective storage of humanitarian relief cargo will ensure seamless and rapid relief on scheduled and non-scheduled operations.
By creating a globally recognized brand, Care by Air cargo will be given priority and shipped at cost, while using existing worldwide logistics network to transport humanitarian aid around the globe.
Finally, our global vision for tomorrow

- Care by Air will set the model for aviation CSR worldwide with the at cost principle
- Care by Air will be the official logistic coordination center for all Humanitarian and Air Transport
- Care by Air will bring national pride and set an example of citizenship through its humanitarian efforts
- Care by Air will establish UAE as a key player on the global humanitarian stage
The greater the scale, span and depth of Care by Air, the greater the potential for realising transport efficiencies.

The result is that more and more people in need will benefit from today’s levels of humanitarian budgets.
In terms of transport mode, Care by Air could be expanded from air logistics to sea and land logistics – with the creation of Care by Sea and Care by Road.
Thank you

CARE BY AIR
A HELPING HAND FROM THE UAE

www.carebyair.aero
info@carebyair.aero

PO Box 35367, Abu Dhabi, UAE
Tel +971 2 447 4900
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