

# Business travel

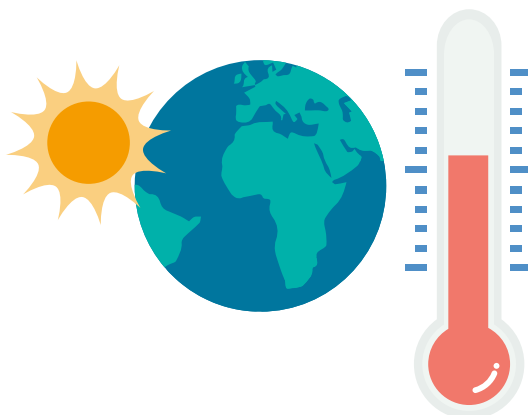
Adopting more sustainable practices



*The threat posed by climate change is grave, and forward-thinking and responsible institutions are taking steps to reduce their impact on global warming. Zurich Insurance Group has committed publicly to doing all it can to help limit the rise in average global temperature to 1.5°C, as called for by the Paris Agreement of 2016.*

With the Earth already over a degree warmer than pre-industrial levels, immediate action is required. Although the COVID-19 pandemic severely impacted people's movement worldwide, many companies are slowly resuming traveling for business. Zurich is uniquely placed to provide thought leadership and guidance on how best to implement sustainable business travel practices in this market context.

This short paper is intended to serve as the basis for describing how business travel contributes to a company's carbon emissions, how Zurich seeks to provide a model as well as assistance in this crucial area, and what actions a travel manager in your own organization can implement to adopt more sustainable practices.



## Greenhouse Gases

CO<sub>2</sub>

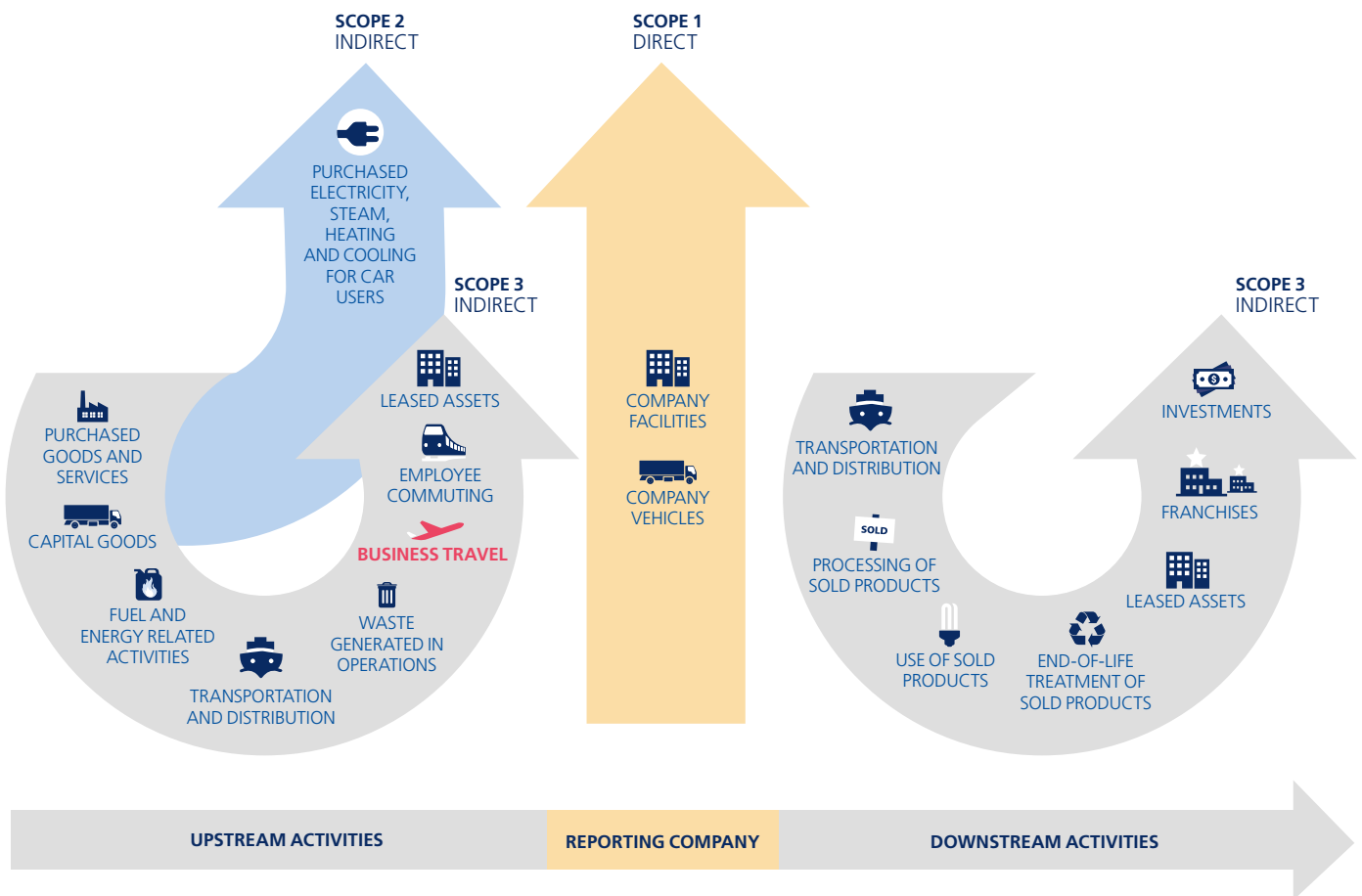
CH<sub>4</sub>

N<sub>2</sub>O

HFCs

PFCs

SF<sub>6</sub>



Source: Overview of a company's sources of greenhouse gas emissions, according to the Greenhouse Gas Protocol Corporate Accounting Standard.

### *While business travel remains essential, sustainable practices are increasingly necessary*

As per the above diagram, a company's carbon footprint is comprised of direct and indirect emissions. Direct emissions are those from sources owned or controlled by the business, whereas indirect emissions come as a consequence of the companies' activities within the broader value chain – both upstream in the supply chain and downstream to end customers. Business travel falls under indirect emissions.

Of the forms of transportation used most by business travelers, aviation is recognized by the international community as both an essential enabler to achieving the UN Sustainable Development Goals<sup>1</sup> and a key instrument for doing business in today's industrialized economy. In recent decades, however, air travel has also been one of the fastest-growing sources of carbon emissions estimated to be contributing to approximately 2.5% of the world's total carbon emissions<sup>2</sup>. With business travel estimated to return to pre-pandemic levels by 2023<sup>3</sup> and grow thereafter, driven mainly by the Asia and Latin America<sup>4</sup> regions, emissions are set to increase unless sustainable practices are implemented.

There is an increasing expectation from regulators, shareholders, customers and employees alike that businesses monitor and report their carbon footprint, as well as empower corporate travelers to make sustainable travel choices<sup>5</sup>. Many companies are pledging to become carbon-neutral in the next few years: the implementation of a sustainable business travel policy is a key component of their strategy in order to monitor and reduce their carbon emissions.

## The Zurich approach.

**As a sustainability-minded company, at Zurich we continuously improve how we embed our environmental commitments in every aspect of how we do business, for example:**

*Rolling out a new travel booking tool that shows the CO<sub>2</sub> impact of different travel options, enabling our employees to make informed decisions*

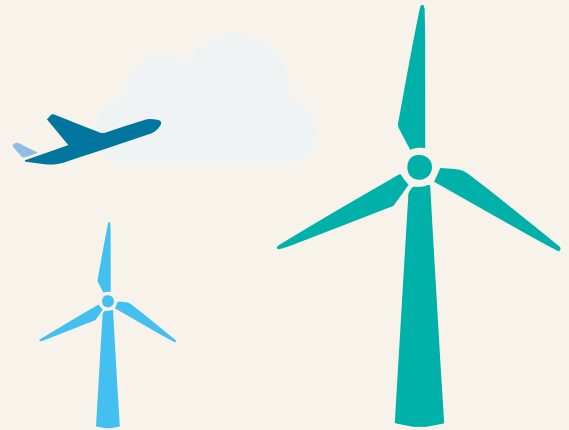
*Implementing environmental metrics in our internal travel reporting statistics, for both management and individual traveler insights*

*Leveraging digital technology solutions where appropriate as alternatives to traveling on business*

*Publicly disclosing our travel emissions on Zurich.com and via external sources including the Dow Jones Sustainability Index*

*Uniquely in the industry, sponsoring a reforestation project in Brazil, participation in which is also available to our customers<sup>6</sup>*

Thanks to continuous monitoring, Zurich has achieved significant carbon reductions in recent years. Only after prioritizing and implementing our reduction measures we then offset the remaining emissions across our global operation, using high-quality, certified voluntary carbon credits. This approach – first adopted in 2014 – has seen Zurich continually achieve carbon neutrality for all our core operations<sup>5</sup>.



## 4 steps to adopt sustainable travel practices at your company – adapt, measure, reduce, offset

### 1. Adapt corporate policy to incentivize and embed more sustainable travel options

Corporate travel policies guide your employees' behavior. Hence, they offer a great first place to help catalyze your entire organization to adopt more sustainable travel practices and so contribute to your company's emissions reduction goals.

The recent COVID-19 pandemic has given businesses an opportunity to rethink the need for business travel and to boost sustainable practices across their operations. Prioritization of video conferencing and remote customer service applications have become necessary, together with more comprehensive travel data reporting that's focused not only on traveler security, but also on compliance to internal policies.

Travel data monitoring also allows for generation of insights and efficiency opportunities, such as prioritization of low-carbon alternatives like rail, especially in Europe, where journeys under 6 hours are commonplace.

### 2. Measure and keep a tally of all your business travel carbon emissions

Measuring all carbon emissions data from employees traveling on business is the second step to manage your carbon footprint. The most effective way is gaining access to reports from your travel booking partner. For air travel, it's critical to get total distance travelled, broken down according to haul type and seat classification. With rail travel, the distance traveled by country is the most important parameter, since most nations have varied technologies powering their local trains – from nearly all electric to mainly diesel.

By multiplying the total passenger kilometers by each travel category with the corresponding emission factor, it is possible to compute your company's overall travel carbon footprint for any given time period. Emissions factors can be publicly sourced or are available for purchase, allowing for more sophisticated calculations.

Even for companies with limited available travel data, it is possible to reasonably estimate the carbon footprint of business travel. Such estimates may not be accurate enough for auditors to assure and disclose in your company's Annual Report; however, their magnitude will be insightful to gauge the materiality of business travel to your emissions overall. This way you can determine if more accurate measurement is warranted to better guide future carbon emissions reduction. Zurich has developed a simplified tool to help estimate carbon emissions from travel, which can be found [here](#).

### 3. Understand, prioritize and report on your emissions reductions

Once your emissions have been calculated or estimated, further initiatives can be implemented to reduce emission hotspots or improve standard practices. There are several examples gaining popularity today:

*Apply an internal carbon price to travel, i.e. an additional internal charge based on the emissions that a trip generates. Employees can then make a conscious decision on whether the cost outweighs the benefits – e.g. taking direct over connecting flights, which generate more emissions.*

*Choose airline partners that are significantly investing in upgrading to more efficient fleets and using more sustainable bio-aviation fuel.*

It is recommended that companies move towards publicly disclosing their environmental footprint, as a demonstration of best practice for accountability. This may be a disclosure on your company's public website, or inclusion in a sustainability report that you publish. By setting a reduction target and disseminating it, you can further demonstrate your environmental commitment both internally and externally.

### 4. Consider high-quality, certified voluntary carbon offsets from a credible provider

Once adequate measures have been taken to first minimize your carbon footprint, offsetting the remaining emissions may be a complementary way your company can demonstrate environmental accountability.

High-quality carbon offsetting projects create a unique source of funding to not only reduce emissions in the atmosphere, but often target multiple social and environmental goals at the same time. There is an ongoing debate on the robustness and effectiveness of carbon credits coming from the many voluntary markets; the need to choose highly credible, certified carbon credits is a must, therefore look for impactful offsetting projects that are also Verified Carbon Standard (VSC) or Gold Standard certified.

Carbon offsets pricing remains contentious, with questions around how realistic the price of offsetting really is against the true cost of the emissions. It is key that companies already begin lowering their carbon footprint from business travel, to avoid higher offset costs at a later date should carbon credits increase in price, or a global price on carbon emission be set.



Climate-minded airlines to reduce their emissions by **up to 80%**



*Some of the most interesting emerging carbon offsetting solutions consist of helping the aviation industry to more quickly adopt sustainable aviation fuels, or supporting reforestation projects that also provide resilience against flooding*

In the summer of 2020, San Francisco International Airport installed a sustainable aviation fuel system that enables climate-minded airlines to reduce their emissions by up to 80% compared to traditional fuel, since this alternative is made from 100% renewable waste materials<sup>7</sup>

Wetland mangrove forests can protect coastal communities from floods and store up to 10 times more carbon than land-based forests<sup>9</sup> with a resiliency payoff of nearly 6:1 – every dollar invested in mangrove conservation creates nearly 6 dollars in community and flood protection benefits.

If you are interested in learning more about Zurich's approach to managing climate change, or our advocacy work to support policymakers in implementing an economically sound price on carbon emissions offsetting, please consider also reading the following materials from our Global Risks knowledge hub:

[\*Carbon pricing: Incentivizing a low-carb lifestyle\*](#)

[\*COVID-19 and climate change: Can we keep the green agenda alive?\*](#)

[\*Combat climate change: Eight steps to a responsible investment strategy\*](#)

[\*Managing the impacts of climate change: Risk management responses\*](#)

Further information:

[\*Emissions fell during lockdown. Let's keep it that way\*](#)

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#### References:

- 1 <https://www.icao.int/Meetings/FutureOfAviation/Pages/default.aspx>
- 2 <https://www.nytimes.com/2019/09/19/climate/air-travel-emissions.html>
- 3 <https://www.iata.org/en/iata-repository/publications/economic-reports/covid-19-outlook-for-air-travel-in-the-next-5-years/>
- 4 [https://www.researchandmarkets.com/reports/5029807/business-travel-global-market-trajectory-and?utm\\_source=dynamic&utm\\_medium=GNOM&utm\\_code=zvjfwp&utm\\_campaign=1411108+-+2020+Business+Travel+Report+-+A+Market+Projected+to+be+Worth+%241.6+Trillion+by+2027&utm\\_exec=joca220gnomd](https://www.researchandmarkets.com/reports/5029807/business-travel-global-market-trajectory-and?utm_source=dynamic&utm_medium=GNOM&utm_code=zvjfwp&utm_campaign=1411108+-+2020+Business+Travel+Report+-+A+Market+Projected+to+be+Worth+%241.6+Trillion+by+2027&utm_exec=joca220gnomd)
- 5 <https://www.gbta.org/blog/sustainability-hasnt-translated-into-travel-policies-but-is-an-important-topic-for-travel-managers/>
- 6 <https://www.zurich.com/en/media/news-releases/2020/2020-0921-01>
- 7 <https://www.internationalairportreview.com/news/120375/saf-san-francisco-environment-carbon-reductions/>
- 8 <https://www.conservation.org/stories/critical-investment-in-blue-carbon>

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