FCM

Is corporate travel costing the earth?

Sustainable Travel Series — Issue 1

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FCM has produced a series of five in-depth reports on sustainability strategies in the hospitality industry, detailing carbon and energy conservation, water scarcity and pollution, waste and community engagement.

This issue, the first piece in the series, takes a look at the overall challenges of sustainability, and the current state of play around the world. Smart businesses are fully embracing the concept of profits, people and planet to become sustainable businesses for the long-term.

Contents

What does "sustainability" mean in the world of business travel?

The topic of sustainability is on everyone's lips - but what does it really mean for the hospitality industry? The bottom line is that for any industry vertical, it has to satisfy the needs of the present, without adversely affecting the ability to satisfy the needs of future generations.
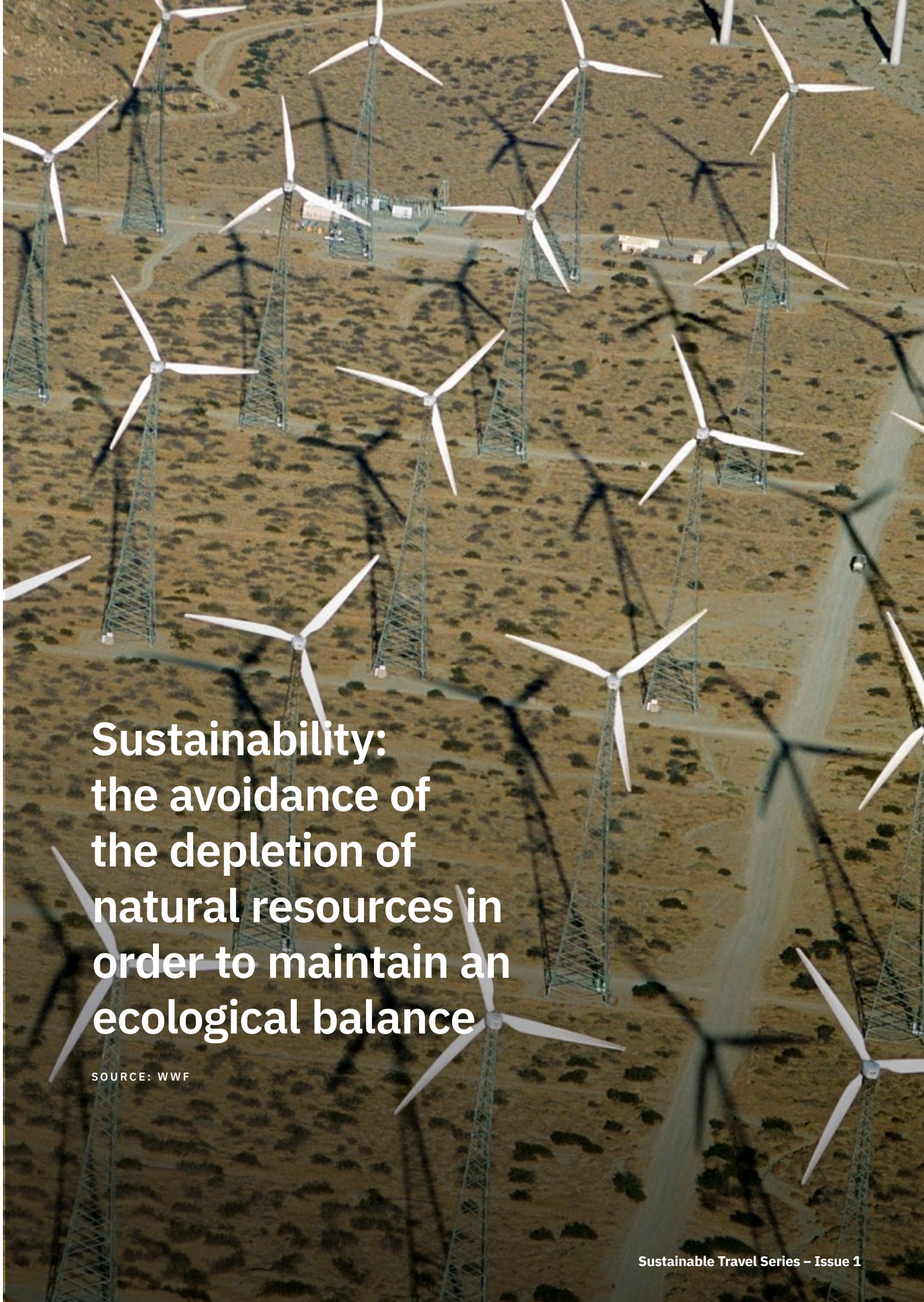
The concept of sustainability has been around for a long time: at the 1992 Earth Summit in Rio de Janeiro the concept was born that it interconnected three pillars: economic, social and ecological processes. These are now more popularly referred to as Profits, Planets and People.

What that translates to in practice can mean many things, but The World Commission on Environment and Development outlines the following: "A process of change in which the exploitation of resources, the direction of investments, the orientation of technological development and institutional change are all in harmony and enhance both current and future potential to meet human needs and aspirations."

Momentum is certainly gathering, and Michael H Posner, Professor of Business and Society at NYU Stern School of Business, underlines the pressure businesses are under in a post on the World Economic Forum blog. "Today's smart business leaders know that they are operating in a fishbowl, where everything they do is on display and social media enables news and information to travel around the world in seconds," wrote Posner.

"They are also operating in a world where many governments are failing to provide a stable, secure environment for businesses to operate. To address these challenges, CEOs are recognising that they need to incorporate broader principles of sustainability in their everyday business decisions. This is not simply a matter of doing the right thing, it's smart business."

Sustainability: the avoidance of the depletion of natural resources in order to maintain an ecological balance

SOURCE: WWF

Climate change: seeing is believing

Smart businesses realise that there's no time to lose. Climate change is already impacting our lives by increasing air pollution, growing competition for resources, changing weather patterns, melting ice caps, reducing CO_2 levels with deforestation, biodiversity loss and decreased crop yields.

Lack of biodiversity has far-reaching effects. For example, disruption to the food chain affects our ability to feed an ever-growing population, while less plant species decreases our ability to produce medicine; and so on.

What climate change really looks like:

Global temperature rise:
The planet's average surface temperature has risen about 1°c since the end of the 19th Century. But most of this increase has happened in the past 35 years, with the 5 warmest years on record taking place since 2010.

Warming oceans:
The oceans have absorbed much of this increased heat, with the top 700m of ocean showing warming of more than 0.22°c since 1969.

Shrinking ice sheets:
The Greenland and Antarctic ice sheets have decreased in mass. Greenland has decreased by 286 billion tonnes of ice every year between 1993 and 2016, while Antarctica by 127 billion tonnes per year during the same period.

Glacial retreat:
Glaciers are retreating almost everywhere around the world, including the Alps, Himalayas, Andes, Rockies, Alaska and Africa.

Sea level rise:
Global sea level has risen about 8in in the last century, but the rate in the last 20 years is nearly double that and is accelerating slightly every year.

Extreme events:
The US has witnessed increasing numbers of intense rainfall events and record high temperature events while record low temperature events are decreasing.

Ocean acidification: The amount of carbon dioxide absorbed by the upper layer of the oceans is increasing by about 2 billion tonnes per year.

These worrying changes haven't gone unnoticed in the halls of power. The Committee on Climate Change (CCC) has warned that the UK's target to reduce emissions by 80% by 2050, for example, will be too late. Similarly, that 2040 is too late to ban the sale of all petrol and diesel cars in the country.

In tandem, the UK Parliament declared a climate emergency in May 2019, and activists hope Parliament will revise the targets set out in the 2008 Climate Change Act.

SOURCE: NASA
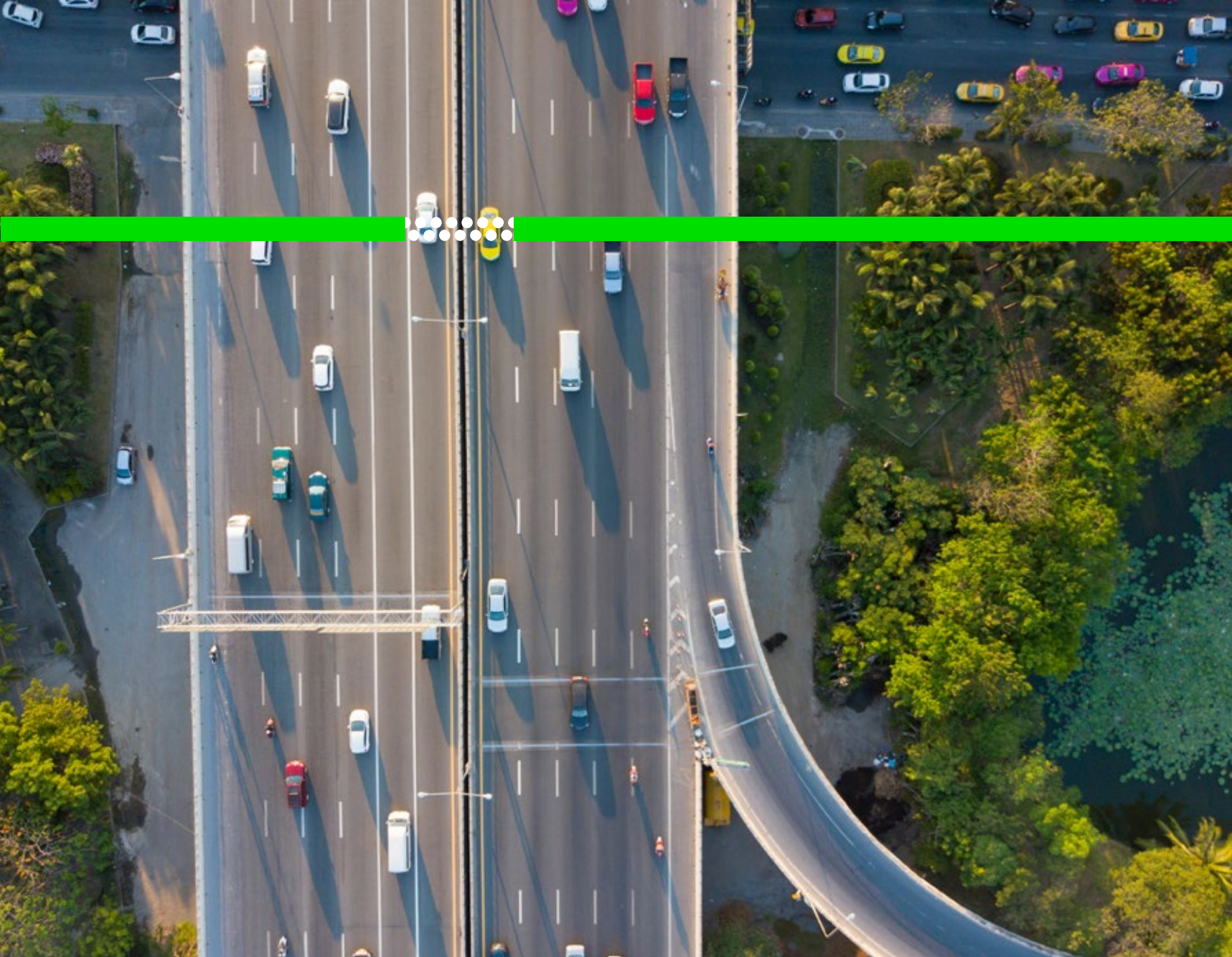
How are others tackling climate change?

Washington DC has passed the Clean Energy DC Act to ensure that the state – including the White House - runs on 100% renewable energy by 2032 (despite the original bill's target being only 50%). It will reduce climate pollution in the District by 42%, and put the District on track to meet its commitments under the Paris Climate Accord.

Though Washington DC is only a small jurisdiction, hopefully it will serve as a model for others to follow. Such as California, which as a state, has set a goal of running on 100% renewable energy by 2045. But there are 49 other states in the US that need to agree for it to become a national policy. Legislation is key for real change.

There is guidance on what sustainable investments look like from a reputable quarter, and the good news is that nearly 10,000 companies from 164 countries have signed up to The United Nations Global Compact. It's a series of principles that have become the gold standard for good business, encompassing the environment, anti-corruption, labour and human rights. By signing up, investors can achieve ethical wellbeing and avoidance of reputational risk.

The main culprits of climate change – accounting for a significant 84% of all human-caused CO_2 emissions - are created in electricity and heat production, agriculture, industry and transport.

It would be unwise for climate change deniers to dismiss the evidence that there's a 95% likelihood that global warming in the last 50 years is the result of human activities. These stats are based on the most recent report (published in 2013) from the Intergovernmental Panel on Climate Change (IPCC). Established by the United Nations Environmental Organisation (UNEO) and the World Meteorological Organisation (WMO), the IPCC is solely responsible for evaluating the risks of human-caused climate change, and creates prevention and adjustment strategies.

800K

The concentration of greenhouse gases in the earth's atmosphere is higher than it's been in the last 800,000 years

100% By 2032

Washington DC has passed the Clean Energy DC Act to ensure that the state – including the White House - runs on 100% renewable energy by 2032

Legislation is key for real change - there are 49 other US states that need to agree for a national climate change policy

SOURCE: IPCC 2014 SYNTHESEBAND

"Sustainability" is making waves in the hospitality industry

Reducing and ultimately eradicating single-use plastics has already caught the imagination of many companies within the hospitality sector. Airlines, hotels, car hire companies and cruise lines are sourcing alternative materials and replacing unbiodegradable plastics with recyclable and renewable products (see our report on single-use plastics).

emissions, waste and discharge, by using measures that can also reduce costs, minimise risks and increase resilience. Any actions taken need to embrace the key areas of carbon and energy conservation, access to clean water, minimising waste, as well as the broader issue of community engagement. FCM will be tackling each of these issues in our subsequent reports.

The next step is a wide-ranging strategy to tackle climate change head on

The next natural step is a more wide-ranging strategy to tackle climate change head on, in order to work towards the goals of zero

The fact that millennials will make up over 50% of the global workforce by 2020 should be a further nudge, if one were needed, as a more climate-conscious generation are sure to vote with their feet if hospitality suppliers aren't sufficiently environmentally-friendly.

On the road

Ground transport is an easy target in this debate - car pollution is one of the major causes of global warming, emitting carbon dioxide and other greenhouse gases. In fact, the EPA suggests that ground transportation causes 27% of greenhouse gas emissions. However, with more than 60% of the world's population living in cities, it is predicted the low-carbon mobility targets set for 2030 will be a major challenge in such densely populated urban areas.

Traffic will have to be organised in a resource-efficient and climate-friendly way

Traffic will have to be organised in a resource-efficient and climate-friendly way. Electric cars may be one solution, and Elon Musk's underground tunnel hyperloop possibly another. It is noticeable that vehicles are becoming more fuel efficient; the emissions of the average new car are predicted to decrease from 150g to 95g of CO_2 per km by 2020.
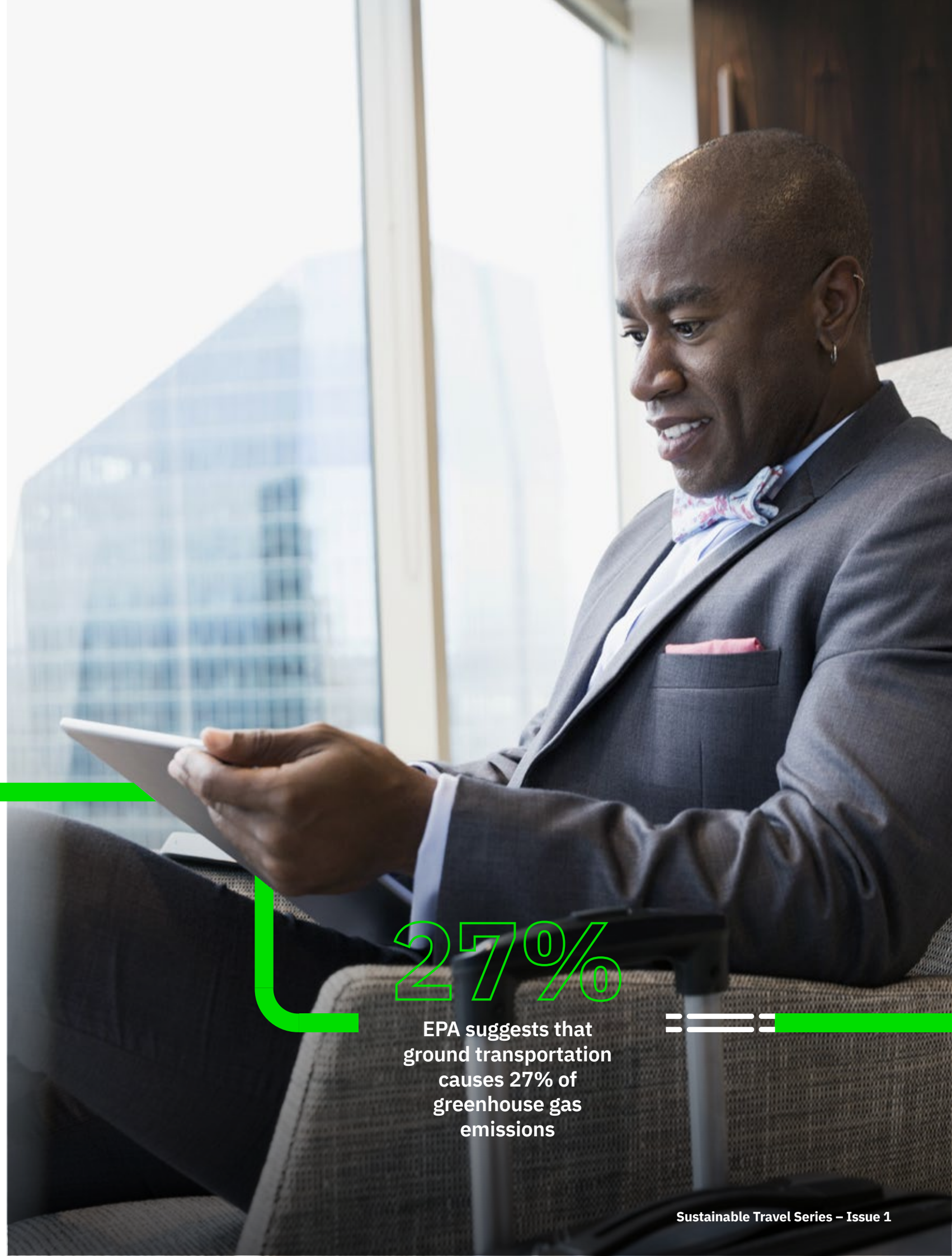
27%

EPA suggests that ground transportation causes 27% of greenhouse gas emissions

In the air

Airlines and airports are another easy target. Figures from IATA say aviation emissions contribute just 2% of CO_2 emissions globally - but airlines are taking the issue seriously, and progress is being made to de-carbonise aviation with biofuel flights.

More fuel-efficient aircraft are also helping. BA, for example, invested last year in 18 new aircraft which are up to 20% more fuel efficient. And United Airlines claims a 45% improvement on fuel efficiency since 1990. Moreover, in May 2019, Australian airline Qantas made headlines when it landed its first-ever zero landfill commercial flight from Sydney to Adelaide.

Air travel is an expanding industry, therefore airports are expanding (or new ones being built) all over the globe. Green groups have argued hard against expansion at Heathrow, for example, citing that a third runway is inconsistent with UK's Paris Agreement climate commitments. However China is progressing with the construction of eight new airports each year, promising the 720+ million expected travellers a total of 216 new airports by 2035.

The IPCC's 2014 report estimates that emissions must be reduced to 1-2 tonnes of CO_2 per capita if climate change is to be at all manageable.

Country producing the most emissions per person

40
tonnes of emissions per person in Qatar

Countries producing the largest amounts of CO_2

≈10B
tonnes in China

≈5.5B
tonnes in USA

≈4B
tonnes in UE

≈2.6B
tonnes in India

Checking in

The need to address environmental impact hasn't gone unnoticed by the hotel industry, which is doing much to become more sustainable. Can you imagine the quantities of cups, laundry bags, teabags, plastic wrapping on slippers, paper, hot and cold water, waste, energy and so on used during an average hotel stay?

Hotels have begun recycling soap, purchasing sustainable products, not changing sheets and towels each day, measuring water and energy consumption, rationalising the flow rate in showers and toilets and installing motion-sensitive LED lighting. IHG hotel group, for example, was ranked first in the hotel industry on the 2017 S&P Dow Jones Sustainability World Index.

Another hotel giant, Accor Hotels, is moving all its near 5,000 hotels towards a goal of achieving 16 mandatory sustainability actions by 2020. They are far reaching and embrace guests, partners, community, food and beverage and buildings. The hotel group has also partnered with Food Good To Go, reselling unused food waste to help meet its goal of reducing food waste by 30% by next year, and earns money at the same time.

And Grange Hotels has gone far beyond the easy steps of asking customers not to use so many towels by installing solar panels, green roofs, HVAC systems, combined heat and power systems and bore holes.

The FCM Prespective

Apart from pleasing customers, customer satisfaction surveys for hospitality companies highlight that strong CSR policies can influence a traveller's choice to use its services.

Looking at its clients, FCM has noticed that corporate travel policies can also play a part in a company's sustainability goals. The policies can favour direct flights over indirect routes, the use of closer-in regional airports and rail over car where it's logical on domestic routes, or at the very least those car hire companies with an electric fleet.

Those hotels which pay attention to food miles and other sustainable practices can become preferred suppliers, too. However, we know it can be a difficult balance to strike between what budget holders want against want stakeholders demand.

Next in the series

In the second part of our Sustainable Travel Series, there is a focus on carbon and energy conservation. This can be a two-pronged strategy, to either improve energy efficiency in order to reduce CO_2 emissions, or to go without the service altogether.

We'll discover and dive into what suppliers in the travel industry are doing to play their part in reducing carbon emissions.

About FCM

FCM is a single global brand providing a comprehensive range of corporate travel and expense management solutions. We have a presence in more than 95 countries and are regarded as one of the top five travel management companies in the world. FCM is responsible for the travel programmes of some of the world's most successful corporate brands.

It has always been personalised service that sets FCM apart from the rest and we blend this with innovative technology and unrivalled access to content to drive the optimum performance of your travel programme.

Contact us today to find out how FCM can elevate the performance of your corporate travel programme.

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