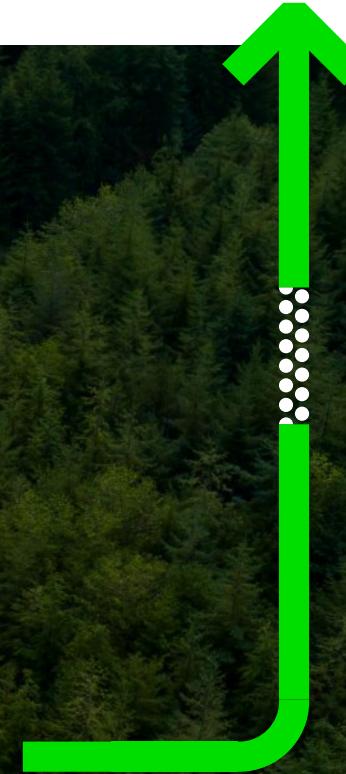


Navigating the green road

A guide to transforming corporate travel
into sustainable journeys



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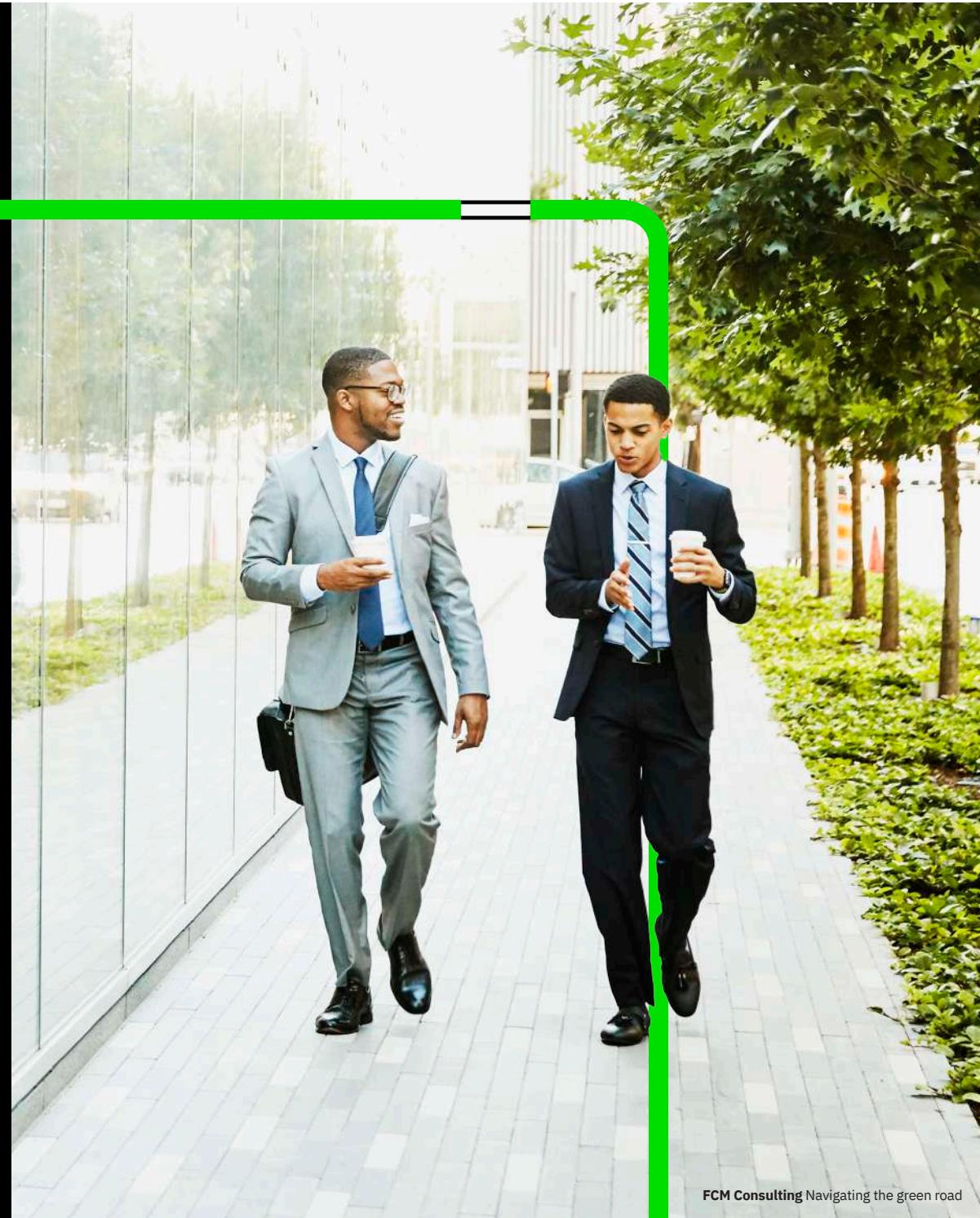
Introduction

What is a travel transition strategy?

Corporate travel programmes are typically designed to manage costs, achieve the highest quality of service, and maximise travellers' duty of care. This structure places the focus on getting the best deals and discounts from suppliers, the best tools and data for our travellers before and during their trip, and the best post-trip reporting for the programme owner. This ever-increasing list of responsibilities does not get any easier as organisations prioritise sustainability.

Rather than reinvent the entire concept of managed travel, one of the most valuable strategic resources for the sustainability-focused travel manager has become the concept of a travel transition strategy.

This means while we continue to look at our programme and optimise for costs, deals, suppliers, experience, and safety, an opportunity exists to start identifying regions, top routes, and specific suppliers where we can shift large volumes of our travel activity towards sustainability. These shifts are backed by data and analysis and are aligned with broader organisational goals.



How does a travel transition strategy add value?

More and more organisations make strict sustainability commitments such as a net zero target year or submission to frameworks such as the Science Based Targets Initiative. Because they often include public commitments like emission reductions and timeframes for delivery, companies must show performance against these goals.

In these cases, the value is clear and simple: a travel transition strategy will help you achieve your published climate targets.

More broadly, such a strategy will add value in developing a stronger sustainability culture within your organisation. This is a key element when evaluating a workplace or their commitment to their employer.

A recent Deloitte study found that 27% of respondents take an employer's commitment to sustainability into account when considering a position and only 38% of existing employees responding to the study think their employer is making a big enough commitment to climate change.

If your company also makes regular contributions to carbon removal or other sustainability projects, the emission reductions achieved from this strategic approach will add value in terms of lower costs.

How does it support my other goals?

A travel transition strategy supports your climate targets and reduces emissions by making more sustainable choices throughout the travel booking experience.

Depending on how the strategy is executed and the range of suppliers that the programme works with, cost impacts can vary. In some markets and categories, more sustainable travel has a lower cost. However, there are also cases where the sustainable choice can end up costing more.

Here are some important areas to be aware of:

- Lower emissions from flights booked in non-premium cabins or with low-cost carriers (that may be more efficient on select routes) will often result in cost reductions.
- Due to significantly more competition, short-haul flights are often less expensive than the more sustainable high-speed rail alternative.
- Sustainable hotels can vary significantly as independent providers emerge who leverage sustainability as a sales differentiator. Premium hotel offerings and higher service quality also have a direct impact on the emissions of a given property.
- Sustainable hotel rates can fluctuate widely across markets. It's important to have clear goals and frameworks in place for deciding on sustainable hotel partners.

What are the comparison points within a travel transition strategy?

Three key elements must be balanced when evaluating and executing a travel transition strategy:



Cost

The main 'cost of trip' in \$\$/££ terms.



Time

This can also be evaluated as 'cost of time' as different travellers in any organisation will value their time differently. What is an acceptable trade-off for one traveller may not be as acceptable to another.



Emissions

CO2e impact of the trip should align with organisational reporting capabilities and commitments.

| | AIR | | | RAIL | | | CAR RENTAL | | |
|-------------------------|------|-------|--------|------|-------|--------|------------|---------|--------|
| | TIME | COST | CARBON | TIME | COST | CARBON | TIME | COST | CARBON |
| COPENHAGEN <-> BERLIN | 110 | \$317 | 110 | 840 | \$254 | 26 | 780 | \$860 | 146 |
| FRANKFURT <-> MUNICH | 110 | \$483 | 148 | 456 | \$209 | 1 | 480 | \$830 | 136 |
| LONDON <-> PARIS | 160 | \$407 | 106 | 280 | \$435 | 4 | 720 | \$950 | 158 |
| LONDON <-> AMSTERDAM | 180 | \$312 | 112 | 498 | \$381 | 6 | 840 | \$1,071 | 192 |
| MADRID <-> BARCELONA | 160 | \$166 | 146 | 330 | \$172 | 28 | 780 | \$1,011 | 212 |
| SYDNEY <-> CANBERRA | 120 | \$522 | 116 | 500 | \$181 | 20 | 360 | \$845 | 98 |
| TOKYO <-> OSAKA | 180 | \$189 | 122 | 300 | \$745 | 4 | 720 | \$1,101 | 170 |
| BEIJING <-> GUANGZHOU | 400 | \$950 | 568 | 960 | \$866 | 20 | 2520 | \$1,357 | 734 |
| BOSTON <-> PHILADELPHIA | 180 | \$458 | 136 | 790 | \$323 | 74 | 660 | \$598 | 168 |
| PITTSBURGH <-> CHICAGO | 202 | \$271 | 200 | 1140 | \$284 | 94 | 840 | \$761 | 2256 |
| TORONTO <-> MONTREAL | 160 | \$242 | 154 | 622 | \$173 | 28 | 720 | \$770 | 192 |

This table demonstrates how these three balancing elements can be managed and mixed.

When developing a travel transition strategy, it is important to understand that these three elements may not be weighed the same across organisations. There is no correct balance. It should be weighed against regulatory requirements, organisational commitments, and resource capacity.

Once these elements are clearly defined and put in context with wider organisational goals, the strategy can start to take shape and potential policy elements can be identified and implemented.



Regional nuances

When developing a travel transition strategy, it is important to consider how and where shifts are made. Are we aiming for the most efficient travel times while being as sustainable as possible? Or are we focused on the most sustainable travel patterns while being as efficient as possible?

This is where balancing the strategy we outlined earlier becomes critical to have the greatest impact and ensure the travel programme's continued success.

In this section, we will explore a small set of examples that could be analysed and used in terms of creating a travel transition strategy for a travel programme with a global, regional, or even local footprint.

This analysis covers the European, Asia-Pacific, and North American regions, which have varying but genuine options for the three categories of travel.

The Middle East, Africa, and Latin America have inconsistent infrastructure, high-speed rail, and standardised border control/security elements that make relevant comparisons a challenge.

Europe

As high-speed rail infrastructure throughout Europe continues to improve both domestically and internationally, there are high-traffic city pairs which could become prime opportunities for reducing emissions by transitioning the standardised method of travel.

However, as we can see from an analysis of five key city pairs, Europe may be one of the most challenging regions to develop and implement such a strategy. “Don’t fly – take the train,” isn’t always as simple as it sounds.

It is abundantly clear that the train is *always the least emitting* transport method, but this must be balanced with the logistics of business travel. These priorities will dictate just how fluid a transition strategy can be.

Options include:

- Identify the highest emitting routes and mandate shifts to realise the highest emission reductions in as consolidated a manner as possible.
- Prioritise shifts on routes where the least amount of time and/or additional cost is required to achieve reductions. Track reductions to quantify success.
- Quantify the target emission reduction and analyse the total travel footprint to determine the best way to reach the required goals.

These are just some of the opportunities and challenges that will surface when putting together a travel transition strategy in a dynamic region like Europe.

| | RAIL | TIME | COST | CARBON |
|-----------------------|------|------|-------|--------|
| COPENHAGEN <-> BERLIN | | 840 | \$254 | 26 |
| FRANKFURT <-> MUNICH | | 456 | \$209 | 1 |
| LONDON <-> PARIS | | 280 | \$435 | 4 |
| LONDON <-> AMSTERDAM | | 498 | \$381 | 6 |
| MADRID <-> BARCELONA | | 330 | \$172 | 28 |



Asia Pacific

In some contexts, the APAC region bears similarities to Europe on a larger geographic scale. Significant challenges remain for more sustainable international travel options within APAC. However, domestically, the region boasts some of the best and most sustainable high-speed rail opportunities anywhere in the world – particularly in China and Japan.

Travel time is significantly more productive than a comparative flight. Even though longer trips can be debated as a deficit, travellers on high-speed trains have more freedom of movement, more services available, and more reliable connectivity. This makes for a higher quality trip and a better traveller experience than the alternative flight.

Costs are also far more comparable between air and rail than in Europe. With an emission reduction typically greater than 90%, there are very few genuine arguments against travel transition opportunities if sustainability is a serious priority for your APAC travel programme.

| | AIR | | | RAIL | | |
|-----------------------|------|-------|--------|------|-------|--------|
| | TIME | COST | CARBON | TIME | COST | CARBON |
| SYDNEY <-> CANBERRA | 120 | \$522 | 116 | 500 | \$181 | 20 |
| TOKYO <-> OSAKA | 180 | \$189 | 122 | 300 | \$745 | 4 |
| BEIJING <-> GUANGZHOU | 400 | \$950 | 568 | 960 | \$866 | 20 |

North America

North America is the most challenging of the three regions analysed. At the time of this publication, there are limited options for a broader regional strategy.

The most promising region is the U.S. Northeast corridor, which offers some rail alternatives connecting cities such as Boston, New York, and Philadelphia. The infrastructure is not as advanced as its equivalents in Europe & APAC, so emissions reductions achieved are less significant.

However, recent developments from a regulatory perspective are having large impacts on the cost, infrastructure, and availability of electric vehicles. These EV initiatives could lead to North America becoming a leading region for certain city pairs being most sustainably connected by driving.

As is noted in the analysis, the vehicle emissions are based on single-person occupancy and an average 4-door sedan category vehicle. If an electric vehicle were being used, this would significantly reduce the emissions. Multiple occupancy would further reduce emissions per traveller and have an increasing effect on flight emissions avoided.



| | CAR RENTAL | | |
|-------------------------|------------|-------|--------|
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| TORONTO <-> MONTREAL | 720 | \$770 | 192 |

Tracking your travel transition goals

We've discussed the nature of the travel transition strategy and shed light on a few examples and regional influences on how this can work. We have also looked at how goals and commitments should be tracked.

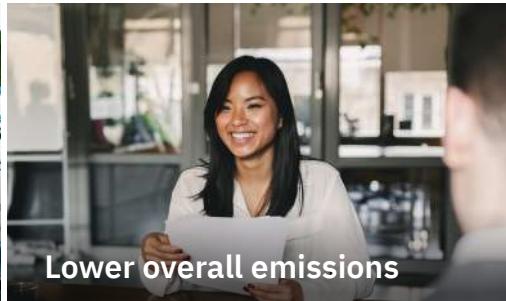
Next, we will examine key areas that can be tracked to ensure the travel transition strategy achieves its goals and contributes to overall organisational travel and sustainability targets.



Increased adoption of sustainable alternatives

Established initiatives like this can be a great way to bolster and complement your travel transition strategy.

- Already an implied goal for those with net zero or Science Based Targets commitments.
- Very tangible KPI – easy for travellers and decision-makers to understand.
- Decision to become an explicit KPI lies with travel programme owner.



Lower overall emissions

Before implementing a new and potentially conflicting KPI for travel, check with key stakeholders to be sure you are in sync because:

- If a KPI already exists, you don't have to research. Simply align with the practices already set out.
- If not defined, you can lead this effort and ensure it empowers your travel programme, not hinders.
- If the broader goal is defined, but business travel is not yet included, you have an opportunity to help ensure your organisation meets or outperforms its goals.



Rewarding behavioural change

Tracking the adoption of sustainable alternatives and ongoing comparisons with baseline metrics become key if cultural initiatives are prioritised. Opportunities for behavioural engagement include:

- Reward benefits for travellers/teams with the highest emission reduction, via both reduction or optimisation.
- Reward benefits for travellers/teams with the highest adoption of sustainable travel modes e.g. most train journeys on a route or highest percentage of travel using a train/electric vehicle.
- Additional vacation days for selecting sustainable travel options which may result in longer travel times and impact the overall trip duration.



Other sustainability targets

You may find that there are other targets that your organisation has committed to which are supported by a potential travel transition strategy such as:

- Working with more sustainable partners
- Supporting local community projects
- Improving traveller/employee wellness

Many of the initiatives explored as part of the travel transition strategy can help achieve these goals, as can your supplier selection.

Supplier relationships and travel transition

A final area worth thinking about is the impact that travel transition could have on your supplier relationships. A travel transition strategy is not a fixed template that works the same for every travel programme. Changing supplier relationships is not guaranteed.

Some companies already work hard to ensure they partner with sustainable suppliers in all categories, including travel. For such companies there may not be a significant shift in supplier relationships, but simply a stronger focus on the sustainability initiatives already taking place.

Other organisations may find that the relationships they have focused on in the past do not align with future sustainability

requirements. For example, if your supplier relationships are focused only on cost, or if there are capacity constraints such as requiring travel to certain destinations where limited alternatives exist, it may not be possible to change suppliers.

There is still a significant opportunity to ensure that supplier partners are aware of your priorities. If the relationship is going to continue to build value, sustainability needs to become an increasing priority.

How do existing supplier relations help and hinder a travel transition strategy?

If your existing supplier relationships are already built on elements like sustainability, you may find that they can be a big supporting element in starting a travel transition strategy. In these cases, it could lead to increased adoption of existing partners. Greater awareness of supplier services from a traveller perspective reduces potential friction to changing travel behaviours.

Alternatively, if your travel transition strategy requires significant shifts in the suppliers you work with, it will be a bigger challenge to implement the strategy and achieve success.

This is not necessarily a wasted effort. A successful approach could mean that a broader communications and change management strategy is needed for successful implementation.

Aligning your strategy to your company goals

If you're looking to swap flights for rail, many domestic rail operators are already, or actively exploring, renewable energy contracts for their electrified infrastructure.

Sustainable hotels are incorporating local communities in their operations and support initiatives, which means your travellers have an opportunity to engage directly if they wish. At a minimum, you can align your travel spend with sustainable operators in your supply chain.

Expanding your supplier relationships to achieve your goals

For many travel programmes, a travel transition strategy may also present the biggest opportunity for expanding supplier relationships beyond established partners.

Rail suppliers that you have not had direct relationships with, or new hotel partners that better align with your transitional goals for more sustainable travel, could be key steps in a successful transition for your global travel programme.

Early signs of airlines partnering with rail operators to offer more sustainable “short haul transfers” are also emerging. This should make any global travel programme take note and consider whether there is an opportunity to expand supplier relationships.

Existing air/rail partnerships include:

- Air France/SNCF (France)
- KLM/Thalys (Netherlands)
- Austrian Airlines/Austrian AIRail (Austria)
- easyJet/Deutsche Bahn (Germany)
- Iberia/Renfe (Spain)
- Lufthansa/Deutsche Bahn (Germany)
- Vueling/Deutsche Bahn (Germany)
- Delta/SCNB, TransPennine Express, Trenitalia & SBB (Belgium, Netherlands, UK, Italy, Switzerland)

SAF to balance your travel mix

A final consideration when building a travel transition strategy includes other measures that directly impact emissions like Sustainable Aviation Fuel (SAF). SAF is a considerable investment, and it would not typically cover a programme's total flying emissions at previous flight levels. However, with the right priorities and resources, investments in SAF can be one part of a balanced, sustainable travel strategy.

Some travel programmes may determine that, to make premium class travel available, emissions must be balanced with SAF contributions. Or, emissions milestones may dictate that SAF is part of the balancing mechanism within the overall company initiative.

SAF is not a silver bullet. It is a valuable tool for the most ambitious programmes when aiming to quickly achieve organisational commitments to sustainability.



Conclusion

Sustainable travel is the fourth pillar of a strong travel programme alongside cost savings, quality of service, and duty of care. Embarking on this journey towards lower programme emissions through a travel transition strategy makes sure that:

- Sustainability initiatives are completed smartly and efficiently across global markets.
- A sustainable travel programme aligns with broader organisational goals.
- Employees/travellers are engaged, and sustainability becomes a key part of company culture.

Contact FCM Consulting to find out how we can help your company recalibrate its travel programme with a smart travel transition strategy. You can support your company's immediate and long-term environmental objectives and contribute to the global effort against climate change.

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