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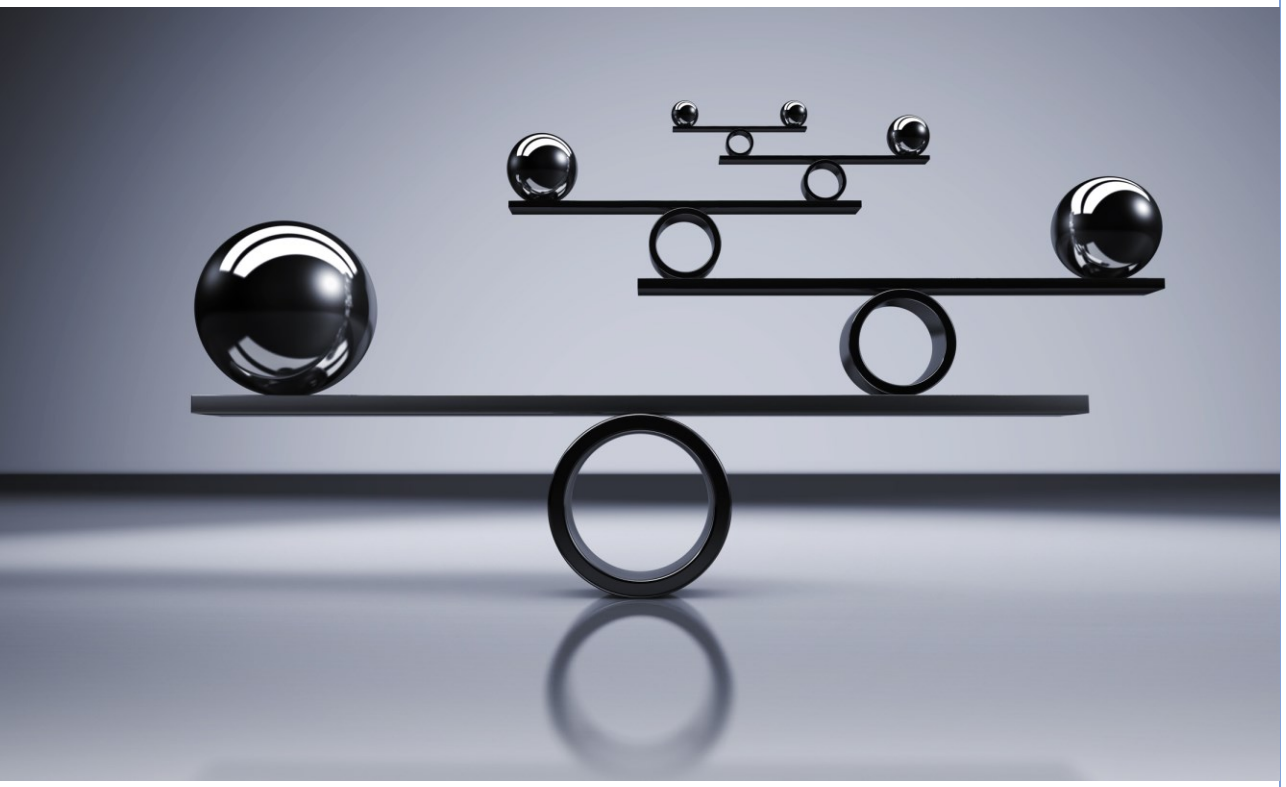
Reducing Business Travel's CO2

with the Invisible Carbon Budget

Companies like the idea of carbon budgets for their business travelers,



But they dislike the administrative challenges.

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The easy* solution?

The “invisible” carbon budget.

Here’s how it works…

*with the right booking tools

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Step 1: Estimate your company's travel CO2 in the baseline year, e.g., 2019

Company XYZ	Baseline Year (2019)
Air Travel	1.0 million kg CO2

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Step 2: Set a CO2 reduction goal, e.g., 25%

Company XYZ	Baseline Year (2019)	2023 Budgets
Air Travel	1.0 million kg CO2	**0.75** million kg

Goal: **25% reduction** in CO2

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Step 3: Set the corresponding travel budget.

Company XYZ	Baseline Year (2019)	2023 Budgets
Air Travel	1.0 million kg CO2	**0.75** million kg
	Air Spend	$1.0 million

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Step 4: Find the budget year's carbon intensity ratio

Company XYZ	Baseline Year (2019)	2023 Budgets	
Air Travel	1.0 million kg CO2	**0.75** million kg	← *Divide this*
	Air Spend	$1.0 million	← *by this*
	Carbon Intensity (CO2 kg / Spend)	**= 0.75 kg per $**	← *To get this*

The carbon intensity ratio shows how much CO2 is acceptable for every dollar spent on travel.

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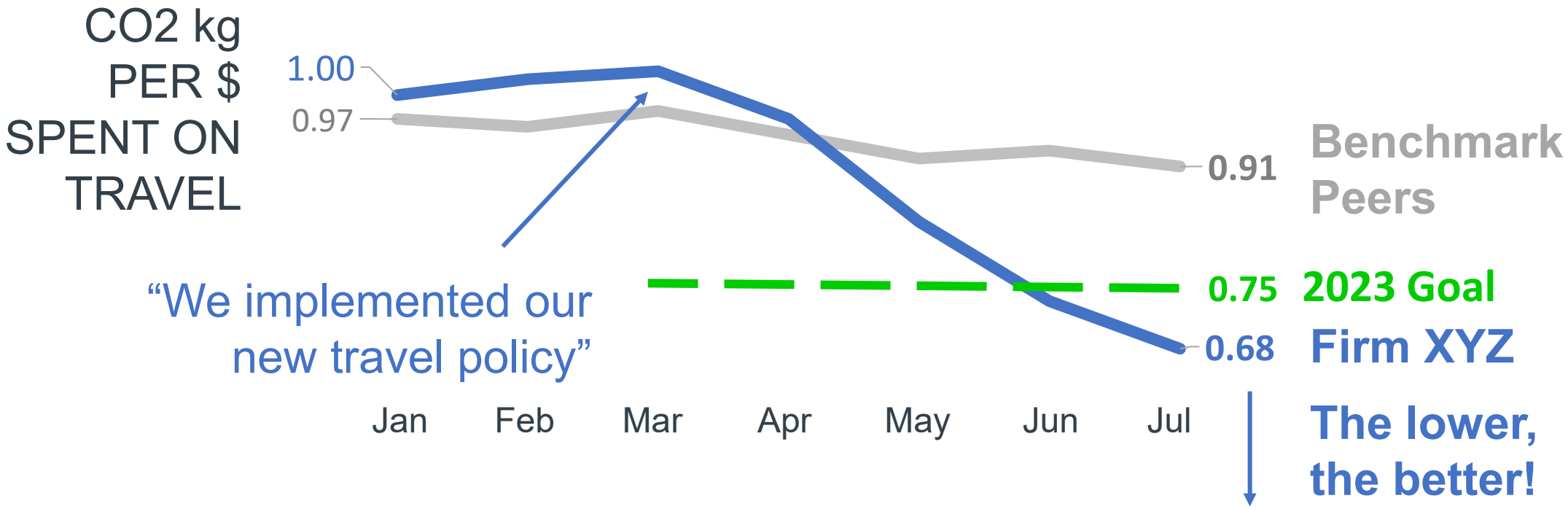
Step 5: Display the carbon intensity ratios and guidance in your travel booking tool. It's that simple.

Ticket Option	CO2	Ticket Price	Carbon Intensity, CO2 kg per $
Econ, non-refundable	1,000 kg	$1,000	= **1.00** > 0.75; Reject
Prem. Econ, refundable	1,200 kg	$1,600	= **0.75** <= 0.75; Allow

Ask your travel booking tool provider for this feature.

Step 6: Benchmark the decarbonization of your travel spend and progress toward your goal.



The “invisible” carbon budget.

Automatically tailored to every traveler and their travel budget.

FAQs ABOUT INVISIBLE CARBON BUDGETS

Q. The ticket example showed that the less expensive ticket was rejected. Will this method result in higher ticket prices being approved?

- Yes. The more expensive the ticket, the lower the ticket's carbon intensity ratio, assuming the CO2 is the same. Cheap tickets will not fare well using this approach because they are carbon-intensive by this metric.

Q. Why would a company want to pay higher ticket prices?

- Higher prices help companies meet or beat their carbon budget goals. Like it or not, higher ticket prices are essential to reducing corporate travel emissions. Companies will have to pay more to pollute less.

Q. How do First and Business class tickets compare using this metric?

- They will often have lower carbon intensity ratios than Economy tickets.

FAQs ABOUT INVISIBLE CARBON BUDGETS

Q. So you're saying it's better for the climate to fly Business class than Economy class?

- Yes, whenever the Business class ticket has a lower carbon intensity ratio.

Q. But Business class seats have 3x the CO2 than Economy seats do.

- True, but we're solving for two problems here. One is staying within the carbon budget; the other is staying within the travel budget. A business class ticket with a lower CO2 ratio uses up the travel budget faster than three Economy class tickets with higher CO2 ratios. This means the CO2 from the business class ticket will be less than the CO2 from the three Economy tickets. Comparing the CO2 per passenger in one cabin to another cabin ignores the travel budget constraint. We have to look at the bigger picture.

FAQs ABOUT INVISIBLE CARBON BUDGETS

Q. Any other benefits from these higher ticket prices?

- Yes. They help eliminate low-value trips from being taken; they can be used to buy higher-quality travel, and they help airlines invest in decarbonization projects.

Q. Do long-haul flights need a different carbon intensity cap from short-haul flights?

- No. Companies can and should apply the same carbon intensity cap to all flights anywhere, anytime.

Q. How does a traveler know what their carbon budget is?

- A traveler can multiply the company's CO2 intensity cap, e.g., 0.75 CO2 kgs per $, by their annual, quarterly, monthly, or per-trip travel budget. So long as they buy trips that don't exceed the CO2 intensity cap and stay within their travel budget, they will always be within their individual and invisible carbon budget.

FAQs ABOUT INVISIBLE CARBON BUDGETS

Q. How can management tell who has exceeded their carbon budget?

- The company's booking tool provider and travel management company can design reports to show this.

Q. How hard will this be to implement in a booking tool?

- The booking tool needs to determine the CO2 kg per passenger for a given ticket option, calculate the ticket's carbon intensity ratio, compare that to the company's carbon intensity cap, then display the results and policy guidance – so not **too** hard.

Q. Which travel booking tools have this carbon intensity feature?

- None as of December 2022. It's an innovation opportunity waiting to be implemented. Ask your booking tool provider for this feature.

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For more information contact

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at tClara

Nudging the travel industry forward

- **Travel as a strategy**
- **Justifiable travel**
- **Traveler friction**
- **Airline CO2 emissions**
- **Travel procurement**

Perspectives gained at:

ARC

TRX

Travel Analytics

Kearney

MBA, University of Chicago

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