Credit Suisse Reducing Carbon Emissions, Travel

By Amon Cohen

MAY 15, 2006 -- Global financial services company Credit Suisse Group has launched one of the most ambitious projects yet to place environmental considerations at the heart of a corporate travel program.

Credit Suisse aims to make itself "greenhouse gas neutral" worldwide by 2012, but expects to achieve this target within Switzerland by the end of this year. In the case of business travel, neutralization is to be achieved by a combination of air travel reduction and investing in carbon offsetting projects for the flights its employees continue to take. Last year, Credit Suisse made offset payments—mainly through investing in renewable energy and energy-efficiency schemes—of nearly $120,000 solely for flights by Swiss-based employees.

The initiative both originated and is being piloted in Switzerland, where the group is headquartered. However, the United States also will be involved, as will the rest of the world, if only because Mick Lee, managing director of the internal client services group which looks after the bank's travel, is based in New York City.

The group's strategic starting point is an explicit acknowledgement of the link between human activity, greenhouse gases and climate change, posing a threat not only to the environment but also to economic activity. Credit Suisse also acknowledges that its air travel has an impact on the environment. It estimates that in 2004 flights by employees accounted for 140,000 tons, or one-third, of its total carbon-dioxide emissions. Only the power used to run its facilities accounted for more. Furthermore, Credit Suisse believes the emissions produced by business travel are disproportionately harmful because they are emitted in the highest layers of the Earth's atmosphere.

The first step in introducing environmental awareness to any travel program is to track mileage. Credit Suisse is able to calculate this to a high degree of accuracy because employee compliance in using approved corporate travel agencies for making reservations is very strong. Management information from all the travel bookings is consolidated through the IBank Travel Management System.

At present, Credit Suisse employees fly approximately 320 million miles per year. However, it calculates offsets on the basis of hours spent in the air. In Switzerland, air travel offsets are fixed at three Swiss francs (US$2.35) per hour's flying. Credit Suisse does not invest the money itself but mainly outsources the task to the Frankfurt-based 3C Climate Change Consulting. Among the countries in which it has financed projects, such as power generated by windmills, are India, Germany, South Africa and New Zealand.

Credit Suisse also is aiming to reduce its air mileage. "We are internally promoting video- and Webconferencing," said Patrik Burri, a vice president in charge of the group's environmental management. "Our use of virtual conferencing worldwide rose 14 percent in 2005, while our growth in air mileage was zero." The switch to virtual conferencing is being backed by financial investment. Burri said the group realizes it needs to improve its system for scheduling videoconferences and more money also is being pumped into technical support.

Another important task is recognizing the limitations of virtual conferencing and establishing principles for when it is an appropriate alternative to face-to-face meetings. Broadly speaking, Credit Suisse has decided virtual conferencing should be used mainly for internal meetings. It is considering introducing incentives to persuade staff to use the technology.

At the same time, the internal services team is intensifying communications to travelers, urging them to consider the necessity of their air journeys. "We are putting a couple of lines on their electronic invoices and putting messages on the home page and travel pages of our Web site," said Lee.

This gradually will be supplemented with more direct intervention, such as quizzing departments and individuals that are the heaviest users of flights about their travel patterns and suggesting alternatives.

The big question, as for any organization considering a green approach to travel management, is whether Credit Suisse can order employees not to travel. Lee did not rule this out, but said it is "at least a year down the line."

If limitations on travel can be mandated, the problem is defining rules for them. "That's where it gets more tricky," said Lee. "It is not appropriate for me to say, 'You can only see clients four times, not 10.' "

Despite this dilemma, Lee is confident that, for a variety of reasons, employees will develop the necessary self-restraint to cut down their levels of travel. The most important of these is that the carbon-neutralization initiative has been generated and heavily endorsed by senior management as a central strategic initiative.

The other is that Lee's team has been running a long-standing campaign to make travelers consider whether their journey is necessary on the grounds of cost-reduction. "Now we are questioning them on this at a second level," she said. In fact, the group is adding a third dimension to its campaign to reduce air travel, which is urging employees to travel less for their own benefit. As part of a wider corporate social responsibility program, Credit Suisse is trying to persuade employees to improve their work/life balance.

None of this, said Lee, will change overnight. Nevertheless, Credit Suisse has taken some important first steps towards both reducing and offsetting travel which many other businesses may well find themselves following in the near future.

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