

DR INSIGHTS SERIES

The Carbon Impact of Investor Relations Activity

Investor relations (IR) teams increasingly field questions for their companies about sustainability topics. According to our most recent edition of [Global Trends in Investor Relations](#), 71.3% of IR teams globally reported in 2019 that ESG/CSR communications with investors are among their duties. And in that year, before the pandemic, IR teams also traveled a great deal to visit their current and prospective shareholders. On average, IR teams globally held 216.5 meetings with investors, 126.4 inside their home market and 90.1 outside.¹

As the COVID-19 pandemic eases in some of the world, IR teams are now planning to resume some form of “normal” or pre-pandemic IR activity. But in this new normal, IR teams should be informed on the carbon impact of their travel and whether it affects their company’s sustainability profile in terms of carbon impact, the cost to offset it, and how to continue to balance virtual meetings with in-person events to reduce the amount of travel required.

We are increasingly seeing discussion of this calculation in the news. The Financial Times reported that “Britain’s Lloyds Banking Group and Dutch bank ABN Amro...have become two of the first big lenders to set formal bank-wide emissions targets. Lloyds pledged to ‘sustain the momentum’ built during the pandemic by keeping carbon-dioxide emissions from travel to less than 50 per cent of 2019 levels.”² Similarly, HSBC has also announced curbs to business travel, noting, “We’ve basically baked in about half the costs of travel going forward by using a lot more video technology and having people go on fewer, longer trips when they do travel.”³

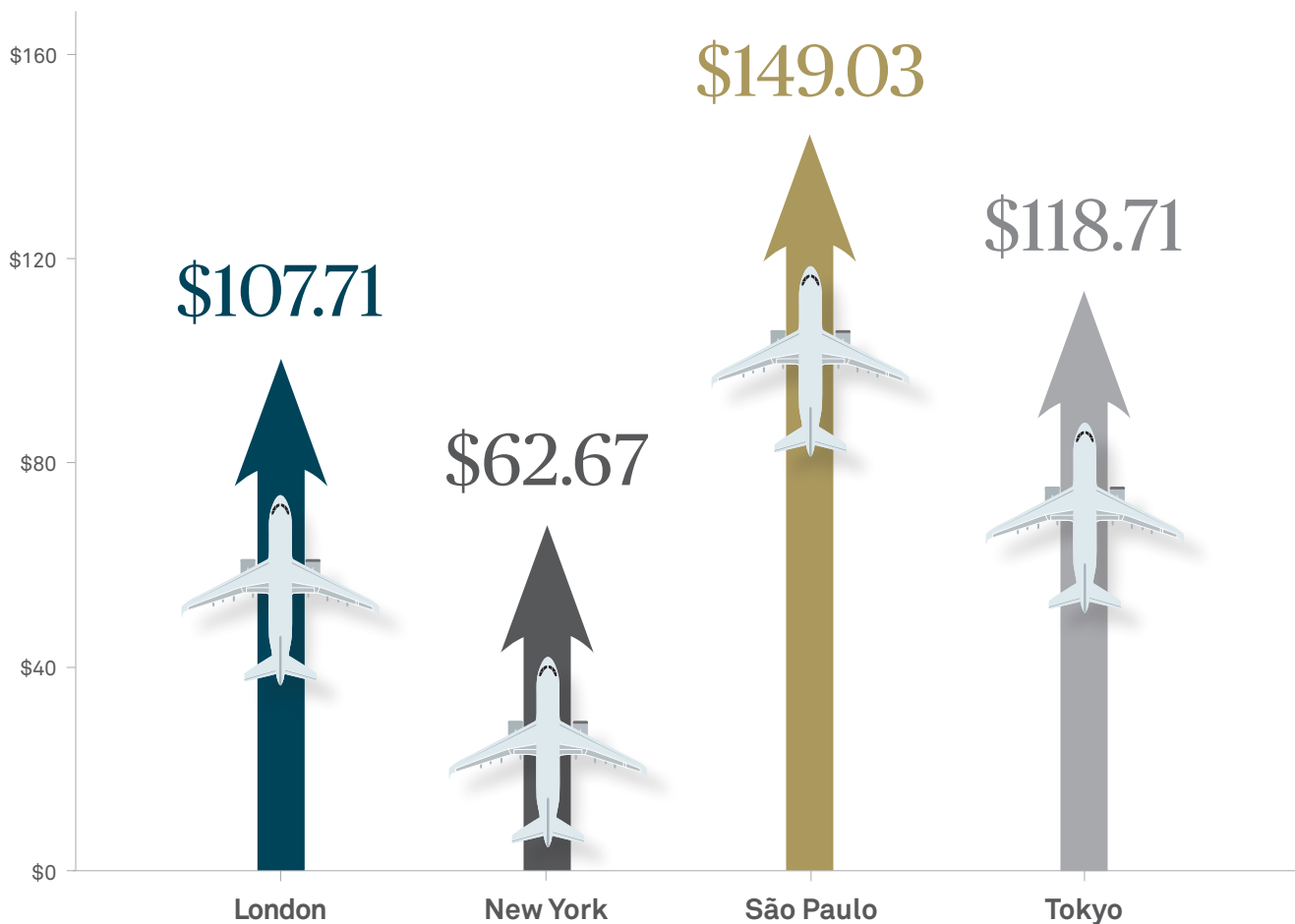
IR teams are often the face of their company’s corporate disclosure to the market, so ensuring that they understand and disclose the impact of IR activity can be an easy way to demonstrate a commitment to openness. This quick analysis will demonstrate that the carbon impact of IR may be low, and we include how these costs can be offset. Disclosing that fact can be a win/win for IR teams that strive for transparency and environmental responsibility.

Breaking Down the Numbers

The good news is that offsetting IR travel would likely be a minimal cost. We looked at the carbon impact of four hypothetical IR teams and calculated approximately how much it would cost to offset their travel (see graphic). Considering that IR teams globally reported in 2019 that 28.6% of their IR budgets was devoted to travel and with a global average overall budget (excluding staff compensation) of US\$507,462.00,¹ it could be considered a good use of funds for the transparency it provides for IR professionals communicating their company's commitment to ESG/CSR responsibility.

What Global IR Teams Would Spend on Carbon Offsets for Travel

Based on travel reported by participants in the 2019 BNY Mellon Global IR Survey¹



To calculate those costs, we used data from the 2019 BNY Mellon Global Investor Relations Survey to represent overall pre-pandemic travel. Those reported travel levels are likely to be the high-water mark for this type of business travel going forward based on the statements made by companies regarding cutting travel in the future. We overlaid this with our assumptions of which cities were most often visited by the core IR team (CEO, CFO, IRO), based on information from our 2017 Global Investor Relations Survey.⁴ We did not take into consideration the travel of additional attendees beyond these three people, such as additional IR team members, so this overall calculation remains conservative.

First, we looked at the carbon impact of the airplane travel, using the ICAO’s carbon emissions calculator and round-trip data by passenger for economy-class flights. (The ICAO notes that for flights longer than 3,000 kilometers, a flight in business class will have twice the CO2 emissions of a flight in economy.)⁵ However, that isn’t the whole story. We also need to consider the carbon impact of the hotel stays in order to have a more complete picture.

For days of hotel occupancy, we considered both the conferences that global teams reported attending outside their home markets and the roadshow days that the CEO, CFO and IRO reported spending outside their home markets in the 2019 survey.¹

Investor Relations Roadshow Days

BASE	CONFERENCE DAYS	CEO DAYS	CFO DAYS	IRO DAYS	TOTAL DAYS AWAY FROM BASE
New York	1.66	3.8	4.0	6.4	15.9
São Paulo	6.98	2.7	6.1	9.3	25.1
London	9.70	7.4	15.8	31.5	64.4
Tokyo	1.73	5.6	5.4	8.4	21.1

We then distributed the days of travel across the top cities reported for IR activity (see tables on next page). As you will see from this data, however, some cities have a much higher carbon footprint for their hotels than others.

Carbon impact for each hotel room was taken from the Cornell Hotel Sustainability Benchmark Index.⁶ Within that data set, we used the mean carbon footprint per occupied room, measured in kgCO₂e, for the upscale and upper upscale hotel segment in each city we presented in our table.

This gives a very rough estimate of the impact on emissions of IR-related travel, one that we believe has utility for teams today as they consider their future travel needs and the true cost to the company of that travel. We believe that the scale of the impact is reasonable for an IR team to include the cost of carbon offsets in their budget as they plan for the year.



LONDON-BASED TEAM	New York	Boston	Chicago	San Francisco	Paris	Hong Kong
# of attendees	3	3	2	2	3	1
# of days	6	6	4	4	3	3
# person days	18	18	8	8	9	3
Airline Emissions (kgCO2/round trip)	618.80	568.20	730.30	904.30	112.50	795.90
Hotel Emissions (kgCO2/occupied room)	19.04	14.79	36.23	10.74	7.23	53.65
Total Emissions by City*	2,199.12	1,970.82	1,750.44	1,894.52	402.57	956.85
TEAM TOTAL						9,174.32

NEW YORK-BASED TEAM	Boston	Chicago	San Francisco	Los Angeles	London	Hong Kong
# of attendees	4	2	2	2	1	1
# of days	1	2	2	1	1	1
# person days	4	4	4	2	1	1
Airline Emissions (kgCO2/round trip)	128.20	292.00	588.20	561.60	618.80	980.20
Hotel Emissions (kgCO2/occupied room)	14.79	36.23	10.74	12.67	17.09	53.65
Total Emissions by City*	571.96	728.92	1,219.36	1,148.54	635.89	1,033.85
TEAM TOTAL						5,338.52

SÃO PAULO-BASED TEAM	New York	Boston	Chicago	San Francisco	London	Hong Kong
# of attendees	3	3	2	2	1	1
# of days	3	2	2	2	1	1
# person days	9	6	4	4	1	1
Airline Emissions (kgCO2/round trip)	787.40	830.80	948.30	1,412.00	902.40	1,698.30
Hotel Emissions (kgCO2/occupied room)	19.04	14.79	36.23	10.74	17.09	53.65
Total Emissions by City*	2,533.56	2,581.14	2,041.52	2,866.96	919.49	1,751.95
TEAM TOTAL						12,694.62

TOKYO-BASED TEAM	New York	Boston	San Francisco	London	Singapore	Hong Kong
# of attendees	2	2	2	1	4	4
# of days	1	1	2	1	2	1
# person days	2	2	4	1	8	4
Airline Emissions (kgCO2/round trip)	931.40	779.20	701.10	774.70	566.60	405.80
Hotel Emissions (kgCO2/occupied room)	19.04	14.79	10.74	17.09	35.17	53.65
Total Emissions by City*	1,900.88	1,587.98	1,445.16	791.79	2,547.76	1,837.80
TEAM TOTAL						10,111.37

*Total emissions by city equals (Number of person days * hotel emissions) + (number of attendees * flight emissions).

When looking at these tables, note that we used round trips from the home city to each destination, not a roadshow as one might plan it, with multiple stops. For example, an IR team from São Paulo would likely fly to New York City and then from New York to Boston, Chicago and San Francisco before flying home.⁷ Such an itinerary, designed to minimize flights, would further dilute the carbon impact of each trip.

To add context to these charts after calculating the emissions, we looked at the cost of buying carbon offsets in order to place a dollar value on the sustainability footprint of IR. Carbon offsets place a dollar value on emissions by linking specific projects that remove carbon with donors, and then sequester that offset so that it cannot be sold twice. One example of this type of program is [Climatecare.org](https://www.climatecare.org). Using their calculator, selecting their carbon+care portfolio reduction project gives a price of GBP 8.50 per ton of CO2 emitted, or US\$ 11.74 as of June 30, 2021.

In addition to carbon offsets, IR teams can consider the lessons they have learned during the pandemic about the effectiveness of virtual meetings. For any IR team, their desire to travel must be matched with the needs of their investors for in-person meetings. Here again we see opportunity to reduce the carbon footprint. BNY Mellon recently published [Corporate Access Through COVID-19 and Beyond](#), a study on the effect of the pandemic.

In that study, we asked investors across the US about their need for in-person access to companies before they made an investment decision. We found that only 21% of the investors surveyed had that as prerequisite. Those investors did not feel that the virtual meetings of 2020 and 2021 would continue indefinitely. Additionally, 23% of investors in the survey did see the likelihood of a change to a virtual format, and a further 34% were ambivalent.⁸ We see a lot of runway for IR teams to manage their travel schedules to reduce their overall environmental impact alongside any carbon offsets that they purchase.

As more companies make net-zero commitments and aim for greater transparency around ESG, the Investor Relations team can lead the way to set an example for investors and the rest of the company.

End Notes

¹2019 BNY Mellon Global Investor Relations Survey data.

²Nicholas McGaw, Stephen Morris, [UK and European banks plan to slash business trips after pandemic](#), Financial Times, April 25, 2021, accessed August 17, 2021.

³Silla Brush, Harry Wilson, [HSBC to Cut Office Space 20%, Reduce Business Travel by Half](#), Bloomberg, April 27, 2021, accessed August 17, 2021.

⁴BNY Mellon, [2017 Global Trends in Investor Relations](#), Eleventh Edition, pp.12,13, October 2017, accessed August 17, 2021.

⁵International Civil Aviation Organization (ICAO), [ICAO Carbon Emissions Calculator](#), accessed August 17, 2021.

⁶Greenview, [Cornell Hotel Sustainability Benchmark](#), accessed August 17, 2021.

⁷In some cases (São Paulo to San Francisco and to Hong Kong) there were no direct flights available for calculation. In these cases, we used Chicago and London as the expected stopover cities.

⁸BNY Mellon, [Corporate Access Through COVID-19 and Beyond](#), pp.8, 13, May 2021, accessed August 17, 2021.

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