



Business flights: Dutch companies don't need them

Structurally lower air travel emissions in sight

Gerard Rijk

8 December 2021

About this report

This report has been commissioned by Natuur & Milieu (Nature & Environment), an independent environmental organisation, focused on the Netherlands.

About Profundo

With profound research and advice, Profundo aims to make a practical contribution to a sustainable world and social justice. Quality comes first, aiming at the needs of our clients. Thematically we focus on commodity chains, the financial sector and corporate social responsibility. More information on Profundo can be found at www.profundo.nl.

Authorship

This report was researched and written by Gerard Rijk. Correct citation of this document: Gerard Rijk (2021, November), *Business flights: Dutch companies don't need them*, Amsterdam, The Netherlands: Profundo. Front page cover photograph by Unsplash.

Disclaimer

Profundo observes the greatest possible care in collecting information and drafting publications but cannot guarantee that this report is complete. Profundo assumes no responsibility for errors in the sources used, nor for changes after the date of publication. The report is provided for informational purposes and is not to be read as providing endorsements, representations or warranties of any kind whatsoever. Profundo will not accept any liability for damage arising from the use of this publication.

Contents

Summary	1
Abbreviations	3
Introduction	4
Chapter 1 Question and methodology	5
1.1 Thirty companies in six sectors	5
1.2 The relevant time period	5
1.3 Data on declining business air travel	5
1.4 Data on revenues, earnings and air travel	6
Chapter 2 Results	7
2.1 Consultancy-Publishing	7
2.2 Financial institutions	8
2.3 FMCGs, ingredients, food retail	10
2.4 Electric, semi-conductors, telecom.....	10
2.5 Energy.....	11
2.6 Other industries	11
2.7 Comparison between sectors and between top and bottom trip reducers	12
References	16
Appendix 1 Company specific data	17

List of figures

No table of figures entries found.

List of tables

Table 1	European airlines with global network – Traffic development	5
Table 2	Consultancy/Publishing - % growth in revenue, profits and air travel	7
Table 3	Consultancy/Publishing – business flight emissions and business trips	8
Table 4	Consultancy/Publishing - total emissions vs business flight emissions	8
Table 5	Financial institutions - % growth in revenue, profits and air travel	9
Table 6	Financial institutions – business flight emissions and business trips	9
Table 7	Financial institutions - total emissions vs business flight emissions	10
Table 8	FMCGs, Ingredients, Retail - % growth in revenue, profits and air travel	10
Table 9	Electric, Semi, Telecom - % growth in revenue, profits and air travel	11
Table 10	Energy - % growth in revenue, profits and air travel	11
Table 11	Others - % growth in revenue, profits and air travel	12
Table 12	Dutch GDP and earnings versus top-30 (% growth YoY)	12
Table 13	Summary - % growth in revenue, profits and air travel	13

Table 14	Summary – Business flight emissions and number of trips.....	13
Table 15	Key travel and financial results for top and bottom groups	13
Table 16	Total CO2 emissions and business air travel as % (average per sector).....	14
Table 17	Key travel and financial results for top and bottom groups	14
Table 18	Top-30 in relation to ‘Dutch’ business flights	14
Table 19	CO2 emissions business flights in perspective.....	15
Table 20	2020 ranking by CO2 emissions of business flights.....	15

Summary

The narrative of *'more business flights are needed for growth'* is not confirmed by the facts

Dutch companies that are known for their international operations and 'frequent flyer' profile, have reduced their business flights (excluding freight) during COVID-19, in 2020 and in the first half of 2021. The often heard narrative that 'business flights and live face-to-face meetings are needed for deals and transactions and for further business growth', should have led to a structural lower business activity level and lower profits at the investigated companies, well into 2021. Although many other factors are affecting business activity, the above-mentioned narrative has not been confirmed by the facts.

Business flights and emissions by 'frequent flying' companies have declined strongly in 2020 and first half 2021

The CO₂-eq emissions due to business air travel of six investigated sectors declined strongly in 2020 compared to 2019, in the range of 55% to 75%, and on average by 68%. Financial institutions showed the strongest decline in business travel by air emissions (75%). The group Other Industries (Transport, Construction; no data on Chemical) showed a decline of 55% in air emissions.

The number of business trips (return flights) declined less, by 51% with a range of 31% to 61%. Financial Institutions saw an estimated decline of 61% in number of business trips, while the category Other Industries showed -31%.

Less long haul business flights is a multiplier on emission reduction

The fact that emissions fell stronger than the number of flights is due to less intercontinental flights, while the share of short-haul European flights will have increased. Moreover, intercontinental flights often occur through business seats, while economy seats are often booked for intra-European flights. Business seats take more space and emissions per person are higher. This could be 3X higher than economy. In 1H21 the intensity of business flight has remained much lower than in 1H20 (circa 40%), based on data from large airliners (the top-30 does not report this data per half-year).

Despite flying much less, the top-30 'frequent flyers' did good business

Despite flying much less, the top-30 'frequent flyers' did good business. In the period 2020–1HY 2021, the average revenue and underlying earnings development of the total of six sectors has shown higher growth rates than that of Dutch GDP and the profits before tax of Dutch non-financial and financial companies. The average revenue growth of the 'frequent flyer' group was -4% in 2020, while in 1H21 the revenue recovered by 9%. The underlying 'profits declined on average by 4% in 2020, but 1H21 showed a strong recovery versus 1H20 (+26%).

Dutch 'frequent flying' companies with a moderate decline in business flights performed in line with very strong reducers, so again no confirmation of the old narrative

In particular the sector Electric-Semi-Telecom performed very strongly, while Other industries (Chemical-Transport-Construction) showed weaker business development. When the companies are not differentiated by sector but classified in two groups with a strong and a moderate reduction in the number of business trips in 2020, the group with the strongest decline in air travel trips seems to have performed in line with the group with less reduction.

Less business flights support the financial institutions and consultancies to bring Paris 2015 targets much closer

Emissions from business flights have a large share in the total emissions of the operations of the group of financial institutions and consultancies/publishers, respectively 30% and 39% in 2019. Due to less flights, the total emissions in 2020 in their operations have declined by on average 41% and 44% versus 2019.

Of the top-30 'frequent flying' Dutch companies, 16 reported adequately. They saved EUR 179 million through flying less

The reduction in business air travel will have saved EUR 179 million for the 16 companies that have reported on their business trips by air. These 16 companies – out of 30 - that are transparent on travel, had a total of 179,612 business trips by air in 2019. Fourteen companies (divided over all six sectors) were not transparent on business air travel emissions. This might be due to a lower materiality of business travel versus emissions related to the operations, or just ignorance. For the 30 companies this could mean 336,772 business trips.

All Dutch businesses saved EUR 2 billion in business air travel and 3.3 million ton CO2

The top-30's business trips are equal to 9% of the business air travel that occur from Schiphol and relevant nearby airports. This could mean that for all Dutch businesses a reduction of at least EUR 2 billion in business travel costs and 3.3 million ton CO₂-eq has been achieved without materially affecting revenue and earnings trends. This 3.3 million ton is equal to 2% of Dutch 2020 total CO₂ emissions. As for most Dutch companies only global numbers were available, we use the phrase 'equal to' as not all flights occurred from Dutch airports.

Sector specific observations:

- **Consultancy/Publishing:** revenue trends in 2020 and 2019 did not change a lot. Earnings growth has clearly improved in 1H21 versus 1H20, despite lower air travel frequency in 2020 and in 2021. Air travel emissions were still 39% of total emissions in the sector in 2019, but declined to 19% in 2020.
- **Financial institutions:** during 2020 and 1H21, the companies' performances have not changed a lot on average in terms of top-line revenues and premiums. Earnings in 2020 were hurt by various factors. The 'underlying' earnings (excluding exceptional items) recovered strongly in 1H21, despite much lower business air travel indications. In the operations, air travel contribution to emissions fell strongly from 30% in 2019 to an estimated 11% in 2020.
- **FMCGs, ingredients and Retail:** The data show that after a stand-still in 2020 in revenues and in earnings, 1H21 recovered on average. However, it is a very mixed picture. The sector provides nearly no business travel emission data.
- **Electric, semi and telecom:** While (business air) travel collapsed in this group, the revenues and underlying earnings continued to accelerate. This is partly due to the increasing demand for the products from these sectors following megatrends in remote working, health and home entertainment.
- **Energy:** This group provides no specific info on air travel emissions as emission information is much more focused on their energy mix and Scope 1, 2 and 3 emissions from the products they produce or trade. These emissions are much larger than travel emissions.
- **Other:** this industrial group of companies showed a weak revenue and underlying earnings performance in 2020, and a recovery in 1H21.

Abbreviations

1H21	First six months (half-year)
1Q	First quarter
Business trip	A return flight / two flights
CO2-eq	CO2-equivalent
EBITDA	Earnings before interest, tax, depreciation and amortisation
EBITA	Earnings before interest, tax and amortisation
FY	Financial year
Operating profit	Profit before interest, tax and result associates
YoY	Year-on-year

Introduction

The aviation sector has grown significantly since the 1990's and business travel has been a major driver of this growth. The Covid-19 pandemic has changed this. Because of travel restrictions, companies had to do business digitally with counterparts abroad. It is interesting to know whether travel restrictions have been harmful to companies' turnover and profits.

Before COVID 19, the narrative 'we need to meet each other physically in order to do successfully business and make deals' prevailed. In coming years, business travel might recover again, but is this needed in every industry and for every company? In fact, increases in employee productivity, a decrease in travel costs and a smaller CO2 footprint might have resulted in better financial performance in many, formerly frequent-flyer industries and companies, with less impact on the environment.

In this research, the business flight activity and/or emissions of 30 Dutch, formerly 'frequent flyer' multinationals and/or large corporates (such as financials, consultancies, high tech, food companies, energy and some other industries) are compared to their financial performances.

1

Question and methodology

COVID-19 has led to a strong decline in business air travel in 2020, and this decline has continued into the first half of 2021 (1H21). Organisations have adjusted their working practices and turned from physical meetings to remote/digital meetings. The question in this report is how this change has affected the revenues and underlying earnings of 30 Dutch companies. In previous years and decades, the narrative¹ has been that globalisation has led to more business flights and that a successful global organisation, which requires continued growth, needs a rising number of international business flights.

1.1 Thirty companies in six sectors

In this report, 30 Dutch/Dutch-based companies have been selected which are ‘frequent flyers’, related to their international activities. Their business trips are equal to at least 9% of the business trips (linked to travellers from the Netherlands) that occur from Schiphol and relevant nearby airports close to Dutch borders. The companies are divided into six sectors to enable an analysis on sector basis and to make comparisons between sectors.

1.2 The relevant time period

In this study, revenue, earnings and travel data have been collected for 2019, 2020 and first half of 2021.² The analysis will focus on revenue and earnings development in 2020 at the time that business air travel declined strongly. Lower business travel in 2020 could have had an impact on company performance in 2020, but also on deals and activity in the first half of 2021. The narrative of many organisations is that business travel is needed to ‘sow the seeds for future transactions’. In this study the assumption is tested whether lower business travel in 2020 led to an impact on company performance in 1H21.

1.3 Data on declining business air travel

The data of the companies reveal that business (air) travel has declined in 2020 (see Table 13). This data is retrieved from annual reports, ESG reports and sustainability reports. Only publicly available information has been used.

For 1H21, (air) travel data for the 30 companies is not available as they report this information at most once per year, or they do not publish it at all. The next reporting period is in the spring of 2022. However, the half-year reports of three leading airlines reveal that the decline in passenger air travel was still significant. This is based on the average decline of >40% in passenger revenue and passenger traffic at the large airline groups with global networks. These airliners do transport a relatively large number of business passengers.

Table 1 European airlines with global network – Traffic development

%-change YoY	1H21 Revenue*	1H21 Passengers (numbers)
Air France KLM	-17%	-39%

%-change YoY	1H21 Revenue*	1H21 Passengers (numbers)
IAG (including BA)	-72%	
Lufthansa	-36%	-57%
Average	-42%	-48%

Source: *Lufthansa, IAG: traffic revenue

1.4 Data on revenues, earnings and air travel

Revenue information of publicly-listed companies is publicly available for 2020 and for 2021. For non-listed companies, 1H21 revenue and profit numbers cannot always be found. As air travel information is often given for the global operations, mostly revenue on a global basis is used as the reference number. Some consultancies provided Dutch data.

For earnings, the choice was for underlying earnings, thus excluding exceptional items such as large amortisations or provisions. Companies report differently on 'underlying' earnings. Reporting occurs on EBITDA level, or EBITA, or operating profit/earnings.

Companies also report very differently in terms of business air travel. Some report on kilometres, others report on CO2-eq emissions. Some only report business travel (air plus cars) and some report only travel costs. Finally, a group of 14 companies (out of 30) does not report at all on any of these items.

In a separate excel-file the collected information per company is available. This report, which summarizes the outcomes, is using the best proxy for business air travel per company.

To compare companies' data on kilometres and emissions, conversion ratios have been applied.³ When no data on air travel was available but only travel data, the ratio car/air emission of a company in the same sector was applied or an average of a group of companies.⁴ For the conversion of kilometres to number of business trips, recent outcomes of KiM⁵ about number of kilometres per one-way flight have been confronted with data from ABN Amro that showed number of kilometres as well as number of flights.⁶ The KiM numbers have been used as a starting point for 2019 trips, divided by 2 (a trip has two flights). For the number of trips in 2020, the decline at ABN Amro reporting has been used as a guidance (-43%), but was slightly tempered to -35% as ABN Amro started at a higher level of km/trip probably due to a high weight to intercontinental flights.

Emissions from business seats are much higher than for economy seats. A return flight Amsterdam Schiphol – New York JFK means a difference of 2.845 Tons CO2 for a return flight business class versus 0.95 Ton for economy class, or a factor 2.99X.⁷

2

Results

This section elaborates on the outcomes per sector and compares the six sectors as well as the leading group in business travel reduction versus the lagging group. Furthermore, an estimate of the travel cost reductions is provided, as well as a total number for the Dutch business travel as a whole. This analysis concludes on whether the corporates' narrative "we need to travel to do business" is still intact or that it is an "image from the past".

2.1 Consultancy-Publishing

Various consultancies are not publicly-listed companies and do not report results per half-year period. On top of this, they have broken financial years (FY). PWC and E&Y report per 30 June, Deloitte per 31 May and KPMG per 30 September. In Table 2, PWC's and E&Y's 2020 percentage changes refer to FY 20/21 (versus FY 19/20) as this is the most relevant for our analysis. For 1H year comparison, the same data are used. KPMG has not yet reported on FY 20/21 and it reports emission data with a delay of nine months. So FY 19/20 until 30 September 2020 is reporting on 2019. PWC and KPMG report specifically on business air travel emissions.

Arcadis, Fugro (as an engineering company) and Wolters Kluwer are publicly-listed companies and they report 1H21 results. ESG gaps on air travel do exist. Arcadis is the only one that reports on air travel emissions.

The conclusion is that revenue trends in 2020 and 2019 did not change a lot. Earnings growth has clearly improved in 2021, despite much lower to even almost zero air travel frequency in 2020 and in 2021.

Table 2 Consultancy/Publishing - % growth in revenue, profits and air travel

Company*	Revenue growth '20	Earnings growth '20	Revenue growth 1H21	Earnings growth 1H21	Air travel emission growth '20
Arcadis	-2%	14%	2%	19%	-61%
Deloitte NL	2%	34%	NA	NA	-96%
E&Y NL**	-1%	13%	-1%	13%	-48%
Fugro	-12%	-12%	-2%	19%	NA
KPMG NL	4%	-8%	NA	NA	NA***
PWC NL**	-1%	22%	-1%	22%	-99%
Wolters Kluwer	0%	3%	5%	13%	NA
Average	-2%	10%	1%	17%	-76%

Source: Annual reports, 1H21 reports, ESG reports – see for details Excel-file; *) NL = Netherlands; **) With FY years until 30 June and no half-year reporting, the 2020/21 trends were most relevant for both periods: ***) -8% decline from calendar year 2019 versus 2018

Zooming in on CO2-eq emissions from business air travel and the number of business trips, the large decline in average business trips is visible (-55%). This decline in trips is smaller than that of the emissions as the trips' length has been reduced. This is probably due to a strong decline in intercontinental trips (versus intra-European). Intercontinental flights have relatively high emissions per person due to distance and more space needed for business seats (Intra-Europe, economy class is the rule).

Table 3 Consultancy/Publishing – business flight emissions and business trips

	CO2-eq 2019 (ton)	CO2-eq 2020 (ton)	% change	# Business trips 2019	# Business trips 2020	% change
Arcadis	20,884	8,041	-61%	16,569	9,815	-41%
Deloitte Nederland	9,073	387	-96%	7,198	472	-93%
E&Y Nederland (Consolidated)	7,373	3,857	-48%	5,850	4,708	-20%
Fugro	NA	NA	NA	NA	NA	NA
KPMG Nederland	6,019	NA	NA	7,347	NA	NA
PWC Nederland	5,601	41	-99%	4,444	50	-99%
Wolters Kluwer	NA	NA	NA	NA	NA	NA
Total	48,950	12,326	-75%	41,407	15,045	-64%
Average	9,790	3,082	-69%	8,281	3,761	-55%

Source: Profundo, see Excel-sheet

The emissions of business flights as percentage of total emissions showed a strong decline in this sector, from 39% in 2019 to 19% in 2020. Business flights contribute a significant share to the total emissions of the operations of this sector. Due to the strong decline in flight emissions, the total emissions declined by 44% (from 27,535 to 15,487 ton CO2-eq: see Table 4).

Table 4 Consultancy/Publishing - total emissions vs business flight emissions

Tons CO2-eq	Total 2019 CO2-eq	Business flight CO2-eq as % 2019	Total 2020 CO2-eq	Business flight CO2-eq as % 2020
Arcadis	68,350	31%	42,570	19%
Deloitte Nederland	24,514	37%	8,805	4%
E&Y Nederland (Consolidated)	14,708	50%	7,795	49%
Fugro	NA	NA	NA	NA
KPMG Nederland	14,817	41%	NA	NA
PWC Nederland	15,287	37%	2,778	1%
Wolters Kluwer	NA	NA	NA	NA
Average	27,535	39%	15,487	19%

Source: Profundo, see Excel-sheet

2.2 Financial institutions

All Dutch financial institutions publish FY's and half-year reports, also the non-listed Achmea and Rabobank.

During 2020 and 1H21, the companies' performances in terms of revenues and premiums have been relatively stable. However, in 'underlying' earnings (excluding exceptional items) there has been a recovery in growth in 1H21, despite much lower business air travel indications (ABN Amro had much lower 1H21 earnings due to a strong rise in Anti-Money Laundering expenses and lower interest margin).

Except for Achmea (no data) and ING (blurred data with cars; average ratio car/air emissions of financial institutions is applied in this report), the financial institutions provide data on business travel air kilometres and/or emissions.

Table 5 Financial institutions - % growth in revenue, profits and air travel

	Revenue growth '20	Earnings growth '20	Revenue growth 1H21	Earnings growth 1H21	Air travel emission growth '20
ABN Amro	-8%	0%	-8%	-64%	-88%
Achmea	1%	15%	-2%	186%	NA
Aegon	37%	-12%	12%	41%	-75%
ING	-4%	-18%	0%	3%	-78%
Nationale Nederlanden	-5%	5%	4%	21%	-83%
Rabobank	-8%	-12%	17%	39%	-70%
Average	2%	-4%	4%	38%	-79%

Source: Annual reports, 1H21 reports, ESG reports – see for details Excel-file

Zooming in on CO2-eq emissions from business air travel and the number of business trips, the large decline in average business trips is visible (-61%), even more than in the consultancy sector.

Table 6 Financial institutions – business flight emissions and business trips

	CO2-eq 2019 (ton)	CO2-eq 2020 (ton)	% change	# Business trips 2019	# Business trips 2020	% change
ABN Amro	10,400	1,480	-86%	6,956	1,747	-75%
Achmea	NA	NA	NA	NA	NA	NA
Aegon	22,618	5,591	-75%	17,945	6,825	-62%
ING	12,062	2,699	-78%	9,570	3,294	-66%
Nationale Nederlanden	6,000	1,000	-83%	4,760	1,221	-74%
Rabobank	18,510	5,560	-70%	14,685	6,786	-54%
Total	59,191	14,850	-75%	46,960	18,125	-61%
Average	14,798	3,712	-75%	11,740	4,531	-61%

Source: Profundo

The emissions of business flights as percentage of total emissions showed a strong decline in this sector, from 30% in 2019 to 11% in 2020. Due to the strong decline in flight emissions, the total emissions declined by 41%.

Table 7 Financial institutions - total emissions vs business flight emissions

Tons CO2-eq	Total 2019 CO2-eq	Business flight CO2-eq as % 2019	Total 2020 CO2-eq	Business flight CO2-eq as % 2020
ABN Amro	32,000	33%	14,056	11%
Achmea	NA	NA	NA	NA
Aegon	59,287.8	38%	41,205.0	14%
ING	44,000.0	27%	25,000.0	11%
Nationale Nederlanden	23,000.0	26%	13,000.0	8%
Rabobank	68,640	27%	39,975	14%
Average	45,386	30%	26,647	11%

Source: Profundo, see Excel-file

2.3 FMCGs, ingredients, food retail

The reporting of the sector on business air travel data is very weak and nearly absent. Heineken's -58% is based on travel costs, while the others do not report at all. FMCGs focus their ESG data much more on climate and environment related to supplies and suppliers, and they provide data on labour and gender.

The data show that after a stand-still in 2020 in revenues and in earnings, 1H21 recovered on average. However, it is a very mixed picture.

Table 8 FMCGs, Ingredients, Retail - % growth in revenue, profits and air travel

	Revenue growth '20	Earnings growth '20	Revenue growth 1H21	Earnings growth 1H21	Air travel emission growth '20
Ahold	14%	31%	4%	-9%	NA
DSM	2%	-1%	11%	22%	NA
Friesland Campina	0%	-35%	1%	-34%	NA
Heineken	-12%	-36%	13%	109%	-58%
Jacobs Douwe Egberts (JDE Peet's)	0%	6%	4%	1%	NA
Unilever	2%	-6%	5%	0%	NA
Average	1%	-7%	6%	15%	-58%*

Source: Annual reports, 1H21 reports, ESG reports – see for details Excel-file; *) -58% is the average of one company and is based on travel costs.

2.4 Electric, semi-conductors, telecom

While (business air) travel collapsed in this group, the revenues and underlying earnings continued to accelerate. This is partly due to the need for supplies from these sectors for megatrends in remote working, health and home entertainment. ASML, one of the largest stocks on the Amsterdam stock exchange, does not report on travel. Only Philips reports specifically on air travel emissions, the other two on total business travel including cars. An average car/air ratio has been applied (see excel-sheet).

Table 9 Electric, Semi, Telecom - % growth in revenue, profits and air travel

	Revenue growth '20	Earnings growth '20	Revenue growth 1H21	Earnings growth 1H21	Air travel emission growth '20
ASML	18%	45%	45%	110%	NA
KPN	-4%	0%	-1%	0%	-82%
Philips	0%	0%	5%	49%	-70%
Signify	4%	7%	11%	42%	-83%
Average	5%	13%	15%	50%	-78%

Source: Annual reports, 1H21 reports, ESG reports – see for details Excel-file

2.5 Energy

This is a small group with no specific info on air travel emissions. Nuon's number is based on emissions for business travel (including car), but an average ratio car/air travel emissions has been applied. The emission information of energy companies is much more focused on their energy mix and Scope 1, 2 and 3 emissions from the products they produce and trade. In this sector, these emissions are much larger than travel emissions.

The averages in revenue and earnings are strongly affected by Shell's company performance, which was affected by very volatile energy prices.

Table 10 Energy - % growth in revenue, profits and air travel

	Revenue growth '20	Earnings growth '20	Revenue growth 1H21	Earnings growth 1H21	Air travel emission growth '20
Eneco	-4%	24%			
Nuon Vattenfall	-5%	3%	1%	33%	-68%
Shell	-48%	-71%	29%	25%	
Average	-19%	-15%	15%	29%	-68%

Source: Annual reports, 1H21 reports, ESG reports – see for details Excel-file

2.6 Other industries

This group with companies from various sectors showed a weak revenue and underlying earnings performance in 2020, and a recovery in 1H21. Only the smallest company (BAM) is reporting on business air travel emissions. For Vopak the ratio car/air average is applied.

Table 11 Others - % growth in revenue, profits and air travel

	Revenue growth '20	Earnings growth '20	Revenue growth 1H21	Earnings growth 1H21	Air travel emission growth '20
Akzo Nobel	-8%	11%	18%	42%	NA
BAM	-6%	-54%	17%	-22%	-50%
VDL	-19%	-34%	NA	NA	NA
Vopak	-5%	-5%	2%	1%	-64%
Average	-9%	-20%	12%	7%	-57%

Source: Annual reports, 1H21 reports, ESG reports – see for details Excel-file

2.7 Comparison between sectors and between top and bottom trip reducers

In the period 2020 – 1HY 2021, the average revenue and underlying earnings development of the total of six sectors has developed with higher growth rates than that of the general economic development. Dutch nominal GDP declined by 4.6% in 2020 versus 2019 and recovered by 7.4% in 1H21 versus 1H20.⁸ Dutch pre-tax profits in 2020 declined by 8.2% in 2020 versus 2019, and in 1H21 the growth versus 1H20 was 7.0%, nationwide. The average revenue growth in 2020 for the selected top-30 'frequent flyers' was -4%, while in 1H21 the revenue recovered by 9%. The underlying earnings declined on average by 4% in 2020, but 1H21 showed a strong recovery versus 1H20 (+26%). This strong recovery can be explained by the 2020 profit pattern with weak profits in 1H20 as well as the impact of cost savings initiated since 2Q20. In 2Q20 many companies decided to start cost savings programs in order to compensate for lower revenues. The annual impact of these savings usually take 6-12 months to become visible.

Table 12 Dutch GDP and earnings versus top-30 (% growth YoY)

	2020	1H21
GDP	-4.6%	7.4%
Profit before tax	-8.2%	7.0%
Top-30 turnover	-3.7%	9.0%
Top-30 earnings	-3.8%	26.0%

Source: Profundo, CBS⁹

The air travel emissions declined in 2020 in a range of 55% to 75% (Table 13), on average a reduction of 66%. Financial institutions showed the strongest decline with 75%; Other industries showed a decline of 55%. In the number of business trips, the decline in 2020 was in the range of 31% (Other industries) to 61% (financial institutions).

In 1H21 the intensity of business flights remained much lower than in 1H20 (Table 1). Despite the lower business flight activity in 2020 and in 1H21, revenue and underlying earnings performance was able to recover strongly in 1H21. In particular the sector Electric-Semi-Telecom was very strong, while Other industries (Chemical-Transport-Construction) showed weaker business performance.

Table 13 Summary - % growth in revenue, profits and air travel

	Revenue growth '20	Earnings growth '20	Revenue growth 1H21	Earnings growth 1H21	Air travel emission growth '20	# business trips growth '20
Consultancy-Publishing	-2%	10%	1%	17%	-69%	-55%
Financial institutions	2%	-4%	4%	38%	-75%	-61%
FMCGs, Ingredient, Retail	1%	-7%	6%	15%	-58%*	NA
Electric-Semi-Telecom	5%	13%	15%	50%	-72%	-57%
Energy	-19%	-15%	15%	29%	-68%	-51%
Other industries	-9%	-20%	12%	7%	-55%	-31%
Average of sectors	-4%	-4%	9%	26%	-66%	-51%

Source: Annual reports, 1H21 reports, ESG reports – see for details Excel-file; * Based on 'Travel expenses'. In Table 14 this is not taken into account

In 2020, the absolute CO₂-eq emissions for air travel are, on average, 4,231 ton for a reporting companies. The number of business trips per company are still on average 5,043 per year.

Table 14 Summary – Business flight emissions and number of trips

Average per company	CO ₂ -eq 2019 (ton)	CO ₂ -eq 2020 (ton)	% change	# Business trips 2019	# Business trips* 2020	% change
Consultancy-Publishing	9,790	3,082	-69%	8,281	3,761	-55%
Financial institutions	14,798	3,712	-75%	11,740	4,531	-61%
FMCGs, Ingredient, Retail	NA	NA	NA	NA	NA	NA
Electric-Semi-Telecom	32,640	9,018	-72%	25,895	11,007	-57%
Energy	10,489	3,373	-68%	8,322	4,117	-51%
Other industries	3,301	1,472	-55%	2,619	1,797	-31%
Average of sectors	14,203	4,231	-68%	11,371	5,043	-51%

Source: Profundo,, ESG reports – see for details Excel-file; *) return flights (=2X one-way)

When the companies are not differentiated by sector but classified in two groups with a strong and a moderate reduction in the number of business trips in 2020, the group with the strongest decline in air travel trips seems to have performed in line with the group with less reduction.

Table 15 Key travel and financial results for top and bottom groups

per group	# Business trips change	Average turnover growth*	Average earnings growth*
Top-7 trip reducers	-62% to -99%; average -77%	2.5%	4.8%
Bottom-8 reducers	-20% to -54%; average -41%	1.3%	6.7%

Source: Profundo– see for details Excel-file; *) average of YoY turnover and earnings growth in 2020 and 1H21

The impact on the total emissions can be huge for some of the sectors, in particular for the consultants/publishers and the financial institutions. In 2019, business air travel contributed still 30-39% to total emissions from operations.¹⁰ It is important to note that due to the reductions in business flights, the total emissions of the operations in Consultancy/Publishing and Financial institutions have fallen by respectively 44% and 41%.

Table 16 Total CO2 emissions and business air travel as % (average per sector)

Tons CO2-eq	Total 2019 CO2-eq	Business flight CO2-eq as % 2019	Total 2020 CO2-eq	Business flight CO2-eq as % 2020
Consultancy-Publishing	27,535	39%	15,353	19%
Financial institutions	45,386	30%	26,647	11%

Source: Profundo– see for details Excel-file

The reduction in business travel flights (105,710) will have saved an estimated EUR 179 million for the companies that have reported on their business trips by air. Heineken does not belong to this group and is not transparent on emissions from business travel from cars and air, but stated that globally it had EUR 87 million lower travel costs in 2020 versus 2019.

Table 17 Key travel and financial results for top and bottom groups

	2019	2020	saving
# trips	179,612	73,902	105,710
Costs per trip (EUR)	1,691	1,691	
Total costs (EUR million)	304	125	179

Source: Profundo– see for details Excel-file

Finally, the companies that are transparent on travel, had a total of 179,621 business trips by air in 2019. For the 30 companies this could mean 336,772 business trips, assuming the same flight intensity. This total of 336,772 is equal to 9.1% of the business trips that occur from Schiphol and relevant nearby (3.7 million). This could mean that a reduction of at least EUR 2 billion (EUR 179 million savings / 9.1%) in business travel costs could have been achieved without materially affecting revenue and earnings trends. As for most Dutch companies only global numbers were available, we use the phrase 'equal to' as not all flights occurred from Dutch airports.

Table 18 Top-30 in relation to 'Dutch' business flights

2019	Data
# of business trips (return flights) by Dutch (air) - million*	3.7
Top-30** Dutch companies that are reporting - # of trips	179,621
# of companies reporting	16
Top-30 Dutch companies	336,772
As % of total Dutch business trips	9.1%

Source: Profundo; *) KiM; **) of which 16 are reporting on air travel

When using the same assumptions and methodology as in Table 18, the total reduction of emissions from business flights in 2020 would have amounted to 3.3 million ton CO2-eq. That number is equal to 2% of Dutch 2020 total CO2-eq emissions.¹¹

Table 19 CO2 emissions business flights in perspective

	2019	2020	Reduction
CO2-eq (ton) of 16 companies	223,150	60,547	162,603
CO2-eq (ton) of 30 companies	418,406	113,526	304,880
As % of total Dutch business trips	9.1%		
CO2-eq (million ton) reduction of Dutch companies	4.6	1.2	3.3

Source: Profundo

Finally, the company ranking by emissions (2020) from business flights are as follows; the companies that do not report adequately, are left out from this list.

Table 20 2020 ranking by CO2 emissions of business flights

	CO2-eq 2019 (ton)	CO2-eq 2020 (ton)	Scope
Philips	80,241	23,950	Global
Arcadis	20,884	8,041	Global
Aegon	22,618	5,591	Global
Rabobank	18,510	5,560	Global
E&Y Nederland (Consolidated)	7,373	3,857	Netherlands
Nuon Vattenfall	10,489	3,373	Global
Signify	16,000	2,800	Global
ING	12,062	2,699	Global
BAM	4,000	2,000	Global
ABN Amro	10,400	1,480	Global
Nationale Nederlanden	6,000	1,000	Global
Vopak	2,601	944	Global
Deloitte Nederland	9,073	387	Netherlands
KPN	1,678	304	Global
KPMG Nederland	6,019	NA	Netherlands
PWC Nederland	5,601	41	Netherlands

Source: Profundo; companies in the top-30 that are not reporting adequately, are not mentioned

References

- 1 ICAO, Future of Aviation. online: <https://www.icao.int/Meetings/FutureOfAviation/Pages/default.aspx>, viewed December 2021.
- 2 A list of sources for the companies and for conversion ratios is included in the excel-file.
- 3 Sources include "Green Ration Book", online: <http://www.greenrationbook.org.uk/resources/footprints-air-travel/#:~:text=Long%20haul%20%E2%80%93%20gm%20per%20passenger-kilometer%20%E2%80%93%20produces%200.07%20kg%20of%20CO2%20per%20kilometer.%E2%80%9D>, viewed November 2021; and Hannah Ritchie (2020, 13 October), "Our World in Data: Which form of transport has the smallest carbon footprint?", online: <https://ourworldindata.org/travel-carbon-footprint>, viewed November 2021.
- 4 See Excel-sheet tab 'Conversion + Other'.
- 5 Toon Zijlstra, Sytze Rienstra (2021, November), "Zakelijk vliegen: Achtergrondrapport", online: <https://www.kimnet.nl/publicaties/publicaties/2021/11/23/zakelijk-vliegen-de-reiziger-de-reizen-de-motieven-en-de-vooruitzichten>, viewed November 2021.
- 6 ABN Amro NV, Integrated Report 2020, "A personal bank in the digital age", online: https://assets.ctfassets.net/1u811bvgvthc/ZPL95gLg9RUZs6WODxSZq/0d47f38ae5e3a41bb1123d6f0a2a4874/ABN_AMRO_____Integrated_Report_2020.pdf, viewed November 2021.
- 7 Greenseat, online: <https://greenseat.nl/en//offset-now/flight/>, viewed December 2021.
- 8 CBS online: <https://www.cbs.nl/nl-nl/cijfers/detail/84105NED>, viewed December 2021.
- 9 CBS Kernegegevens sectoren; nationale rekeningen, online: <https://opendata.cbs.nl/statline/#/CBS/nl/dataset/84097NED/table?ts=1553353427636>, viewed December 2021.
- 10 If emissions from lending and investments would be included (on top of that of operations in and around the offices), business air travel emissions would be only 0.04% for ABN Amro (2020) and 0.19%/0.10% for Nationale Nederlanden in 2019/2020.
- 11 Calculated versus 175.8 million CO₂-emissions 2020 as published by Statista, <https://www.statista.com/statistics/449784/co2-emissions-netherlands/>, viewed December 2021.

Appendix 1 **Company specific data**

All these data are available in the excel-file.

Profundo

Research & advice

Radarweg 505
1043 NZ Amsterdam
The Netherlands
+31-20-8208320
profundo@profundo.nl
www.profundo.nl