



How Commercial Cards Can Help Corporates Contribute to Reforestation



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Sustainability is increasingly important to corporates. Many are recognizing the business and efficiency benefits of an enhanced focus on environmental, social and governance (ESG) issues; some are responding to growing expectations among stakeholders – including shareholders, customers and employees – to improve their ESG performance; others simply believe corporates need to start prioritizing the planet and public interests along with profit.

As corporates around the world mobilize to address the interconnected challenges of climate change, rapid urbanization and rising wealth inequality – often by targeting one or more United Nations 2030 Sustainability Development Goals (SDGs) – many are looking to treasury to aid them in their objectives. Given its wide range of relationships across the organization and unique visibility into multiple functions, treasury is well placed to fulfil this role.

Other than their operational activities, one of the largest environmental impacts for many companies is associated with employee travel. Although video conferencing and modern communications technology have replaced some corporate travel, it remains a significant spend category for many companies. Indeed, as companies expand to new geographies – in order to capture growth opportunities in emerging markets, for example – the need for travel is expected to grow.

Corporate travel, especially airline travel, has a significant environmental impact in terms of carbon emissions. A long-haul return flight to New York from London can produce between 0.9 and 2.8 metric tons of CO₂, for instance.¹ Some observers believe that in order to stabilize climate change, individuals and companies need to reduce their annual carbon footprint to around 1.2 metric tons – less than one such transatlantic flight.²

¹ Source: <https://www.wired.co.uk/article/carbon-offsetting-uk-flights>

² Source: <https://www.eta.co.uk/environmental-info/air-travels-impact-on-climate-change/>



Air travel currently accounts for about 2.5% of global carbon dioxide emissions – much less than emissions from passenger cars or power plants. However, one study found that rapid growth in air travel means it could represent a quarter of the world’s “carbon budget,” or the amount of carbon dioxide emissions permitted to keep the global temperature rise to within 1.5 degrees Celsius above pre-industrial levels, by 2050.³ So how can treasury help with sustainable initiatives while continuing to reap the benefits of corporate travel?

A sustainable corporate card solution

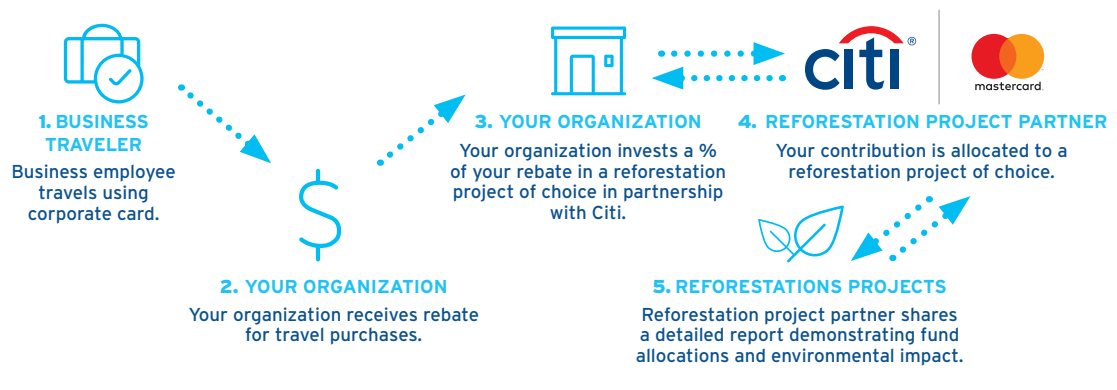
According to a recent study led by The Nature Conservancy along with 15 other organizations, maximizing nature’s ability to tackle climate change at a cost-effective price could have the same effect as if the world put a complete stop to the annual burning of oil.

The study found that “natural climate solutions” – the conservation, restoration and improved

management of land in order to increase carbon storage or avoid greenhouse gas global emissions in landscapes worldwide – can provide up to 37% of the emission reductions needed by 2030 to keep global temperatures under that 2 degrees Celsius mark. That’s 30% more than previously estimated.⁴ There is, however, a catch: The world must act now.

Some corporates have already set ambitious emissions reductions targets across their operations and supply chains to align with the Paris Agreement’s goals. In some programs, corporates look for ways to reduce emissions from travel, including by imposing limits on when travel is necessary and when to use other means of collaboration. Other corporates have also turned to natural climate solutions as a complementary approach, recognizing that even though natural climate solutions like reforestation do not directly or effectively mitigate their existing emissions, they can still direct their efforts and resources toward environmentally friendly projects while they work toward more responsible travel programs and

Positive Impact Rebate Program – An Example



overall emissions reductions in their business. To date, the task of identifying appropriate environmental projects (or selecting suitable sustainability partners to manage the process) has placed a significant administrative burden on firms.

At the same time, most companies use commercial cards as part of their travel program in order to benefit from rebates, improve efficiency and control, and maximize travel policy adherence, including policies aimed at limiting unnecessary travel. Integrating reforestation with a T&E program is therefore an ideal solution for companies eager to introduce a streamlined sustainable travel program that retains the efficiency and control advantages of a T&E card program while simplifying the reforestation process. The Sustainable Card Solutions creates a simple, streamlined way for companies to contribute to reforestation process initiatives.

How sustainable commercial cards work

Working with Mastercard, Citi is offering a solution⁵ that enables corporates to meet their reforestation objectives as part of their commercial card program. The program, which focuses on forestry programs globally, is pledging with program partners to plant 100 million trees over five years. Reforestation is acknowledged as an effective and inexpensive way to positively counteract climate change. The solution places no additional administrative burdens on companies and has no upfront capital requirements as it is funded by part of the rebate earned from the program. By using recycled plastic and a unique design, the cards powerfully communicate the corporate's sustainability agenda and efforts to mitigate climate change to both internal and external stakeholders.

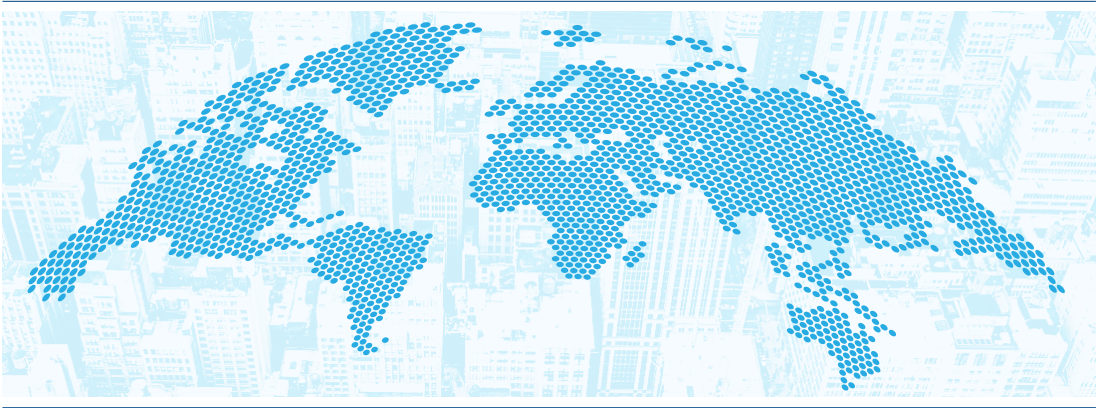
The process flow for sustainable commercial cards is straightforward. As usual, the company employee uses their commercial card for business purposes, including travel. When the corporate receives their rebate, they are given the option to invest a percentage of their rebate in reforestation projects (pre-selected by the client) in partnership with Citi. At that time, a rebate percentage is calculated, showing the corporate how many trees could be planted with a given percentage of the rebate, allowing the corporate to determine the scale of its ambitions in directing proceeds from its rebate toward reforestation. Finally, the NGO partner shares a detailed report demonstrating fund allocations and the environmental impact of new reforestation.

How is the program set up? Mastercard, as part of its established Mastercard Priceless Planet Coalition, is bringing together partners to unite corporate sustainability efforts and make meaningful investments to preserve the environment. The coalition, which includes reputable experts with demonstrated sustainable forestry experience worldwide, will manage and provide oversight

³ Source: <https://www.nytimes.com/2019/09/19/climate/air-travel-emissions.html>

⁴ Source: <https://www.nature.org/en-us/what-we-do/our-priorities/tackle-climate-change/climate-change-stories/how-nature-can-help-heal-our-planet/>

⁵ This is not a carbon offset program but opts to direct funds to forestry programs.

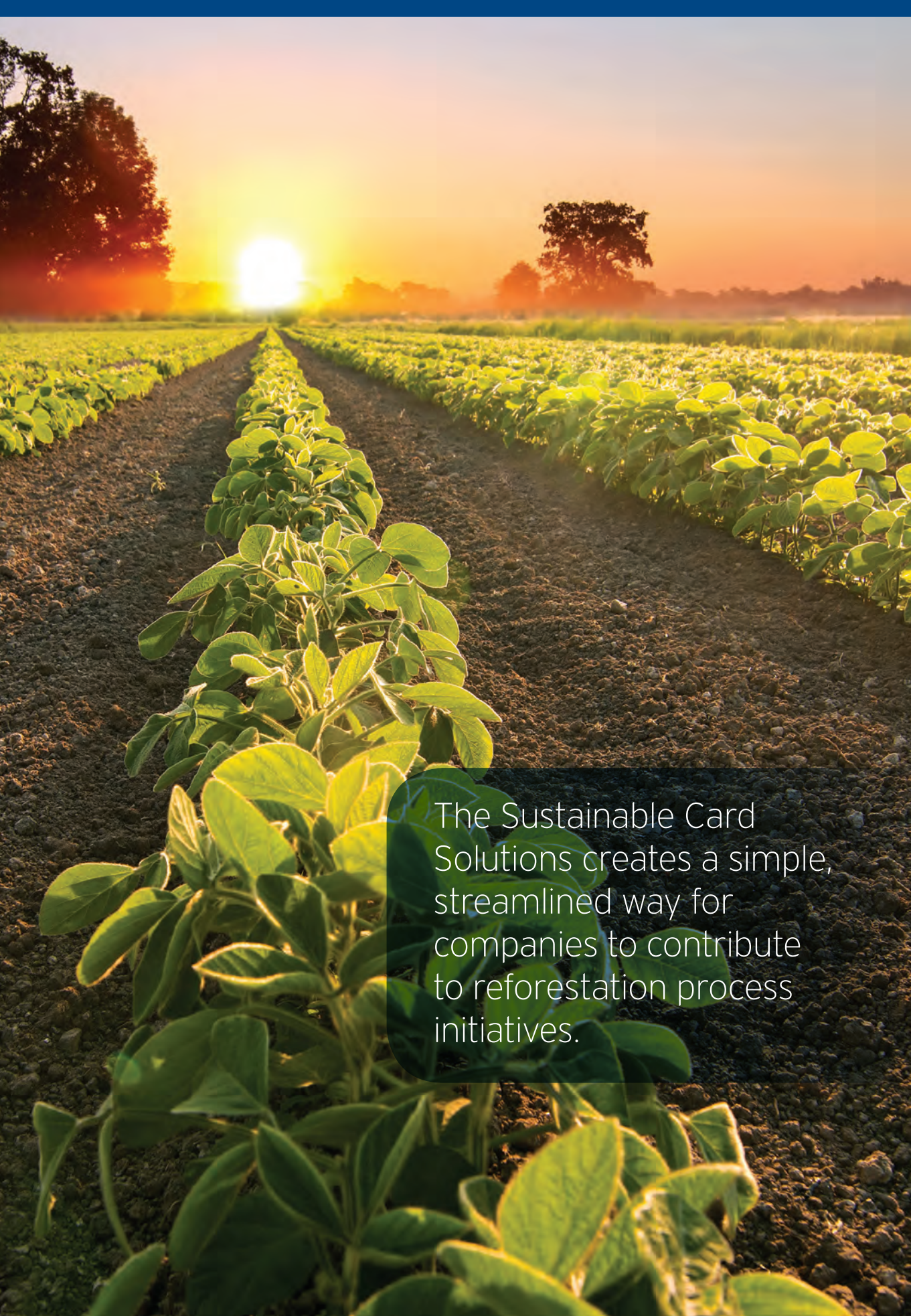


for programs to which contributions can be directed. There are no upfront capital requirements as the rebates earned from the corporate travel program fund the investment; it can also be easily extended to meetings and events or B2B payments in order to maximize investment in reforestation initiatives. As a result, clients gain a turnkey travel solution that aligns with their ESG goals.

A commitment to sustainability

As one of the world's leading financial services companies, Citi addresses the complex challenges associated with sustainability through its core finance and investment activities, working to incorporate sustainability principles into everything it does to help ensure business success, improve operations and contribute to a strong global economy. A critical part of this work involves delivering client-focused solutions that have the potential to achieve a global impact on the sustainability challenges facing the world.

Travel is essential to modern businesses. But it also has profound environmental consequences. The changing business environment – and corporates' rapidly evolving approach to ESG – mean that an increasing number of companies are seeking solutions to mitigate the environmental impact of their business travel, including efforts to responsibly reduce travel. As a complement to a broader program to reduce operational emissions, including those from travel, corporates can also enhance their contributions to climate change mitigation by channeling additional resources to natural solutions like reforestation. By integrating a streamlined reforestation solution within a comprehensive T&E program, Citi's Sustainable Commercial Cards provides corporates an immediate and convenient avenue to harness their T&E program's rebates to do so at scale, contributing further to their overall ESG objectives – it is possible to do good, and do well. ■



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