ESG FRAMEWORK FOR TOURISM BUSINESSES

MST: 4th Meeting of the Expert Group
Andalucía Lab, Marbella, Spain
19–20 September 2023
1. INTRODUCTION
2. METHODS
3. KEY FINDINGS
4. RECOMMENDATIONS
1. INTRODUCTION
2. METHODS
3. KEY FINDINGS
4. RECOMMENDATIONS
• Relevance of Environmental, Social, and Governance (ESG) reporting
• Lack of standardized and tourism-tailored ESG reporting
• Reporting fatigue & accountability concerns (‘greenwashing’)

NEED FOR A HARMONISED ESG FRAMEWORK FOR TOURISM BUSINESSES
PROJECT

ALLIANCE
UNWTO, Oxford SDG Impact Lab, easyJet holidays

AIM
Develop a harmonised ESG Framework for Tourism Businesses

RESEARCH
Mixed-methods research with pilot testing
RESEARCH DESIGN

MIXED-METHODS RESEARCH

DESK RESEARCH
Phase 1: January–June 2023

FIELD RESEARCH
Phase 2: June–July 2023
RESEARCH DESIGN

MIXED-METHODS RESEARCH

DESK RESEARCH
Phase 1: January–June 2023

FIELD RESEARCH
Phase 2: June–July 2023

LITERATURE REVIEW & LIST ESG INDICATORS
ESG REVIEW

GLOBAL
- GRI
- INTEGRATED REPORTING
- CDP
- SASB
- TCFD
- TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

TOURISM
- UNWTO (World Tourism Organization)
- Sustainable Hospitality Alliance
- WORLD TRAVEL & TOURISM COUNCIL
- GSTC

ESG Strategies
- IHG (Hotels & Resorts)
- Scandic
- Hilton
- Marriott
<table>
<thead>
<tr>
<th>ESG INDICATORS</th>
<th>ENVIRONMENTAL</th>
<th>SOCIAL</th>
<th>GOVERNANCE</th>
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### Scope 1 GHG emissions

<table>
<thead>
<tr>
<th></th>
<th>Environmental</th>
<th>Intensity Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>E</td>
<td>Tonnnes carbon dioxide equivalents</td>
<td>To capture companies' climate change contribution from energy and fuel use in their own operations (Scope 1). This also allows companies to set targets to reduce their Scope 1 emissions and to monitor progress against these targets.</td>
</tr>
<tr>
<td>E</td>
<td>Tonnnes carbon dioxide equivalents/Intensity</td>
<td>Refer to GHG Protocol for methods to calculate GHG emissions. Intensity units will be defined per industry. For accommodation we propose per visitor night.</td>
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### Scope 2 GHG emissions

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<th>Intensity Unit</th>
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<tr>
<td>E</td>
<td>Tonnnes carbon dioxide equivalents</td>
<td>To capture companies' climate change contribution from indirect emissions from energy use (Scope 2). This also allows companies to set targets to reduce their Scope 2 emissions and to monitor progress against these targets.</td>
</tr>
<tr>
<td>E</td>
<td>Tonnnes carbon dioxide equivalents/Intensity</td>
<td>Refer to GHG Protocol for methods to calculate GHG emissions. Intensity units will be defined per industry. For accommodation we propose per visitor night.</td>
</tr>
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</table>
DESK RESEARCH
Phase 1: January–June 2023

LITERATURE REVIEW & LIST ESG INDICATORS

FIELD RESEARCH
Phase 2: June–July 2023

PILOT TESTING & RECOMMENDATIONS

MIXED-METHODS RESEARCH

RESEARCH DESIGN
FIELD RESEARCH

- 14 COMPANIES
- 27 HOTELS
- 6 COUNTRIES
- 56 INTERVIEWEES
- 4 LANGUAGES
INTERVIEWS

1. CURRENT ESG ENGAGEMENT & REPORTING

2. ESG FRAMEWORK CONSULTATION
CONTENTS

1. INTRODUCTION
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ESG drivers
Data disclosure
Reporting concerns
ESG is not tangential, it’s not philanthropy. It’s part of our DNA [...] It’s how we do business.

We are experiencing increasing requests from customers to show our sustainability efforts.
DATA DISCLOSURE

PILOTS COLLECTING ESG DATA: 100%

PILOTS DISCLOSING ESG DATA: 33%
We spend most of our time, over 80%, on reporting ESG data to different frameworks. This is a problem as it leaves us little time for taking actions. The ESG reporting landscape is a confusing world. There are so many frameworks and standards, and it’s hard to understand what to do. The ESG framework industry has become highly competitive and wild [...]. It’s a minefield! The current frameworks contain indicators that are often not relevant for the tourism sector, and not representative of what sustainable tourism actually means.
Findings

- ESG drivers
- Data disclosure
- Reporting concerns
FINDINGS

- Added value
- Caveats
- Implementation
ADDED VALUE

Providing Global Standards - 11
Establishing Benchmarks - 8
UNWTO's Backing - 7
Curtailing Greenwashing - 5
Reducing Reporting Fatigue - 5
Setting Common Goals - 4
Incentivising - 4
ADDED VALUE

Who if not UNWTO can help to put some order in the current minefield of ESG reporting?

This Framework will help us to speak the same language, providing a credible model for all tourism companies.

Everyone wants to feel they are contributing to a global mission – this Framework could provide that mission.

This Framework will allow us to compare ourselves with other companies and understand which actions to take to improve.

We need someone from above, as important as UNWTO, to provide standardised metrics shared by everyone.
### Caveats

<table>
<thead>
<tr>
<th>Issue</th>
<th>Rating</th>
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<tbody>
<tr>
<td>Not Considering Tourism's Heterogeneity</td>
<td>8</td>
</tr>
<tr>
<td>Needing Technical Knowledge and Capital</td>
<td>8</td>
</tr>
<tr>
<td>Privileging Reporting over Action</td>
<td>4</td>
</tr>
<tr>
<td>Adding Reporting Burden</td>
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- It might be difficult for a universal Framework to cater to different tourism industries and country-specific characteristics.
- Measurement systems and standards are certainly important, but they count for only 20%. The rest, the 80%, is action.
- How do we make sure that an ESG Framework is facilitating action, rather than simply requiring us to tick a checklist?
FINDINGS

- Added value
- Caveats
- Implementation
FINDINGS

- Redundant/missing
- Tourism specificity
- More than indicators
RECOMMENDATIONS

1. DEVELOP A SIMPLE, ACTION-ORIENTED FRAMEWORK

2. CHOOSE KEY TOURISM-SPECIFIC INDICATORS

3. VALUE HETEROGENEITY AND RELATIVE PERFORMANCE

4. PROMOTE STAKEHOLDER ENGAGEMENT

5. VALIDATE & REWARD
TIMELINE

Q1 2023: Literature Review

Q2 2023: Pilot Testing (accommodation & reservation industries)

Q3 2023: Outreach in high-level events

Q4 2023: 2023 ESG Framework (version 1.0)

Q1–Q4 2024: Extension to other industries & geographies

Q4 2024: Global implementation + 2024 ESG Framework (version 2.0)
Thank you!