ESG FRAMEWORK FOR TOURISM BUSINESSES

Committee on Statistics, Extraordinary Meeting
Silk Road Samarkand, Uzbekistan
16 October 2023
• 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

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LITERATURE REVIEW & LIST ESG INDICATORS
ESG REVIEW

GLOBAL
- GRI
- Integrated Reporting
- CDP
- SASB
- TCFD

TOURISM
- UNWTO
- Sustainable Hospitality Alliance
- World Travel & Tourism Council
- GSTC

CASE STUDIES
- IHG
- Scandic
- Hilton
- Marriott
<table>
<thead>
<tr>
<th>ESG INDICATORS</th>
<th>ENVIRONMENTAL</th>
<th>SOCIAL</th>
<th>GOVERNANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scope 1 GHG emissions</td>
<td>E</td>
<td>Tonnes 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>Scope 1 GHG emissions/Intensity Unit</td>
<td>E</td>
<td>Tonnes carbon dioxide equivalents/Intensity</td>
<td></td>
</tr>
<tr>
<td>Scope 2 GHG emissions</td>
<td>E</td>
<td>Tonnes 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>Scope 2 GHG emissions/Intensity Unit</td>
<td>E</td>
<td>Tonnes carbon dioxide equivalents/Intensity</td>
<td></td>
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**RESEARCH DESIGN**

**MIXED-METHODS RESEARCH**

**DESK RESEARCH**
Phase 1: January–June 2023

**FIELD RESEARCH**
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**LITERATURE REVIEW & LIST ESG INDICATORS**

**PILOT TESTING & RECOMMENDATIONS**
1. CURRENT ESG ENGAGEMENT & REPORTING

2. ESG FRAMEWORK CONSULTATION
ESG drivers
Data disclosure
Reporting concerns
ESG DRIVERS

- More than 70% of the ESG indicators we report are due to government regulations.

- 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.

<table>
<thead>
<tr>
<th>ESG Drivers</th>
<th>Score</th>
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<tbody>
<tr>
<td>Regulations and Government Influence</td>
<td>12</td>
</tr>
<tr>
<td>Pressure from Top Level Management</td>
<td>10</td>
</tr>
<tr>
<td>Pressure from Customers</td>
<td>9</td>
</tr>
<tr>
<td>Foundational Values and Responsibility</td>
<td>7</td>
</tr>
<tr>
<td>Pressure from Tour Operators</td>
<td>6</td>
</tr>
<tr>
<td>Certifications and Business Benefits</td>
<td>6</td>
</tr>
<tr>
<td>Initiatives of Employees</td>
<td>3</td>
</tr>
<tr>
<td>Pressure from Investors/Banks</td>
<td>3</td>
</tr>
</tbody>
</table>
DATA DISCLOSURE

PILOTS COLLECTING ESG DATA: 100%

PILOTS DISCLOSING ESG DATA: 33%
REPORTING CONCERNS

The ESG reporting landscape is a confusing world. There are so many frameworks and standards, and it’s hard to understand what to do.

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 action.

The ESG framework industry has become highly competitive and wild […]. It’s a minefield!

Current frameworks contain indicators that are often not relevant for the tourism sector, [and] not representative of what sustainable tourism actually means.
GENERAL 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
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

- 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?

<table>
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<th>Issue</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>
<td>4</td>
</tr>
</tbody>
</table>
1. INTRODUCTION
2. METHODS
3. KEY FINDINGS
4. ROADMAP
TIMELINE

- **Q1 2023**: Literature Review
- **Q2 2023**: Pilot Testing (accommodation & reservation industries)
- **Q3 2023**: Outreach in high-level events + Advisory Board
ADVISORY BOARD

**ROLE**
Multi-sector expertise, guidance, and recommendations

**MEETING**
One yearly meeting, with the first meeting in early 2024

**MEMBERS**
Broad range of relevant stakeholders
STAKEHOLDERS

COMPANIES

REGULATORS

ACADEMIA

CIVIL SOCIETY

INVESTORS

ADVISORY BOARD
ROADMAP

- **Q1 2023**: Literature Review
- **Q2 2023**: Pilot Testing (accommodation & reservation industries)
- **Q3 2023**: Outreach in high-level events + Advisory Board
- **Q4 2023**: 2023 ESG Framework (version 1.0)
- **Q1–Q4 2024**: Extension to other industries & geographies
- **Q4 2024**: 2024 ESG Framework (version 2.0) + Global implementation
Thank you!

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