



The Climate Action Guidebook
How to lead the way to sustainable tourism and travel

“Climate change is the single greatest threat to a sustainable future but, at the same time, addressing the climate challenge presents a golden opportunity to promote prosperity, security and a brighter future for all.”

Ban Ki-Moon, Former Secretary-General of UN, April 2014³⁷

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The connection between business activity and climate change is clear. Climate change has become ‘code red for humanity’ and urgent action is required across all sectors from businesses of all sizes.

Businesses are also increasingly aware that sustainability is a growing consideration in consumer decisions. 71% of UK consumers believe that climate change is an emergency, and 57% are changing their activities or purchase behaviours to help address it.¹

The UK government has responded by making a commitment to achieve net-zero by 2050, with all economic sectors working to achieve this. As a result, the regulatory landscape has grown more complex, with companies navigating the challenging waters of carbon reporting initiatives. Some businesses must commit to carbon reduction initiatives, whilst others are doing so voluntarily. In the end, all must play their part in achieving the UK’s net-zero target.

Decarbonising the travel and tourism sector is complex for a range of reasons: from understanding and reducing greenhouse gas (GHG) emissions in a convoluted value chain, to technological solutions that have yet to reach a scale sufficient to meet the trajectory of required emissions reductions. These challenges are particularly acute for small and medium-sized businesses that may not have the time, resources or expertise to tackle them.

But doing nothing isn’t an option.

The changing context of climate change, sector initiatives, demands for increased transparency and the need for good governance to manage climate risks, all require actions by travel and tourism companies. In common with other business sectors, the foundations for a decarbonisation transition are in place, but more needs to be done at a sector and individual company level, both in the UK and by the UK outbound travel industry.

With those challenges in mind, **this guidebook contains advice and practical examples for leaders within companies of all sizes in the travel and tourism sector** who are looking to start, or progress, their decarbonisation journey to net-zero.

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Read on to learn about:

- 1 The current **carbon reporting and reduction targets** required as part of reaching the UK's net-zero targets, as well as **information on climate-related risks and how to manage them.**
- 2 **How to measure carbon for your organisation** by creating a carbon inventory for direct and indirect carbon emissions.
- 3 **Ways to approach a net-zero commitment** – including the importance of drawing up a roadmap for your organisation to follow over the coming years.

The guidebook provides sector-specific insight, examples of good practice and practical support for travel business decision-makers wanting to decarbonise and take steps towards carbon risk management.

You'll see that the right attitude as well as the right action is also vital. That's why it's **so important that businesses strive for progress, not perfection.**

Collaborating with other businesses and learning from leading examples is a key step to increasing the speed of transformation and expediting progress across the industry. Taking concerted action to transform the industry will improve its climate resilience.

The commercial advantages are clear. The interests of the planet and business go hand-in-hand. Calculating and managing the carbon emissions associated with your business, setting targets and managing climate risk, will help to deliver your business goals.

For example:

- Informing strategic and purchasing decisions
- Enhancing transparency on carbon, while meeting current and future disclosure requirements
- Satisfying investor and insurer needs related to carbon risk management and actions for carbon reduction
- Aligning with consumer preferences
- Supporting global attempts to limit climate change and the associated environmental benefits.

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“Global warming, reaching 1.5°C in the near-term, would cause unavoidable increases in multiple climate hazards and present multiple risks to ecosystems and humans.”

Summary for Policy Makers, Climate Change 2022: Impacts, Adaptation and Vulnerability³⁸



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Introduction: an urgent call for action

You might be concerned about how climate change will affect your business. You should be. And you're not alone.

The World Economic Forum's annual 'Global Risks Perception Survey' asked 1000 experts and leaders in 2022 to "identify the most severe risks on a global scale over the next 10 years." Climate action failure was recognised as the top risk.² Which is why business owners and leaders are taking steps to protect their businesses from climate-related risks, as well as developing plans on how to operate net-zero business models.

What's more, the recent IPCC statement confirms that "the evidence is clear: the time for action is now. We can halve emissions by 2030."³ This is a call for urgent action from the global scientific community. Only ambitious actions by government and economic sectors will limit the current climate warming trajectory to below 1.5°C above pre-industrial levels.

GHG emissions resulting from economic activity and land-use changes continue to rise, with any reductions through technology and behaviour shifts not keeping pace with current economic and population growth. The UK government response is to set a legal target to reduce GHG emissions by 78% by 2035, with an eventual target of net-zero by 2050.⁴ To address this, decarbonisation roadmaps have been developed by many sectors related to the UK travel and tourism industry. A number of the existing roadmaps require further development and detail to ensure the net-zero targets can be met.⁵

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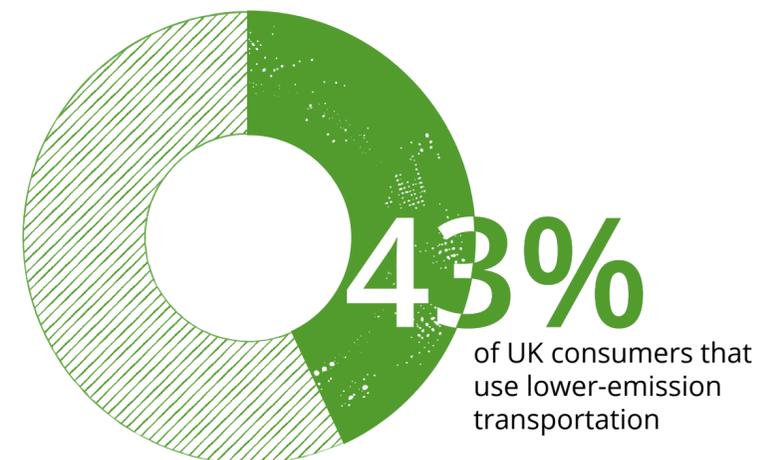
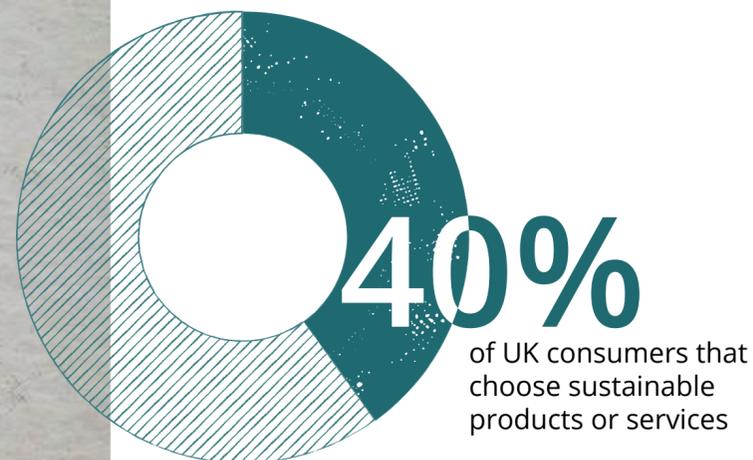
The time for talk is over

The travel and tourism industry has considered sustainability within its dialogue and activities for some time, but it's time for the talk to be translated into concerted action. The demand for travel and tourism shows no sign of reducing and the sector now faces significant challenges to abate emissions – especially within aviation and cruise.

As other sectors continue to quickly progress their emission reduction, pressure on the travel sector will continue to heighten. Travel and tourism businesses need to step up to more urgent, more structured and a more significant decarbonisation transition. In addition to the rapid decarbonisation needed to limit emissions, the sector must adapt to the current and inevitable changes to both natural and human ecosystems caused by the impacts of climate change.

Your business might already have experienced climate change related impacts. These could stem from supply chain and business-as-normal disruptions caused by floods, extreme weather events or forest fires. Then there are the problems of tourists increasing water scarcity, amenity reductions at skiing destinations as snow seasons shorten, coral bleaching at diving resorts, and lakes turning into mud-cracked puddles.

It's also likely that some of your customers are seeking lower carbon options. This is illustrated by Deloitte's Global Consumer survey, which highlighted that UK consumers are continuing to consider sustainability in their travel plans.⁶



Source: Global Consumer Tracker – March 2022

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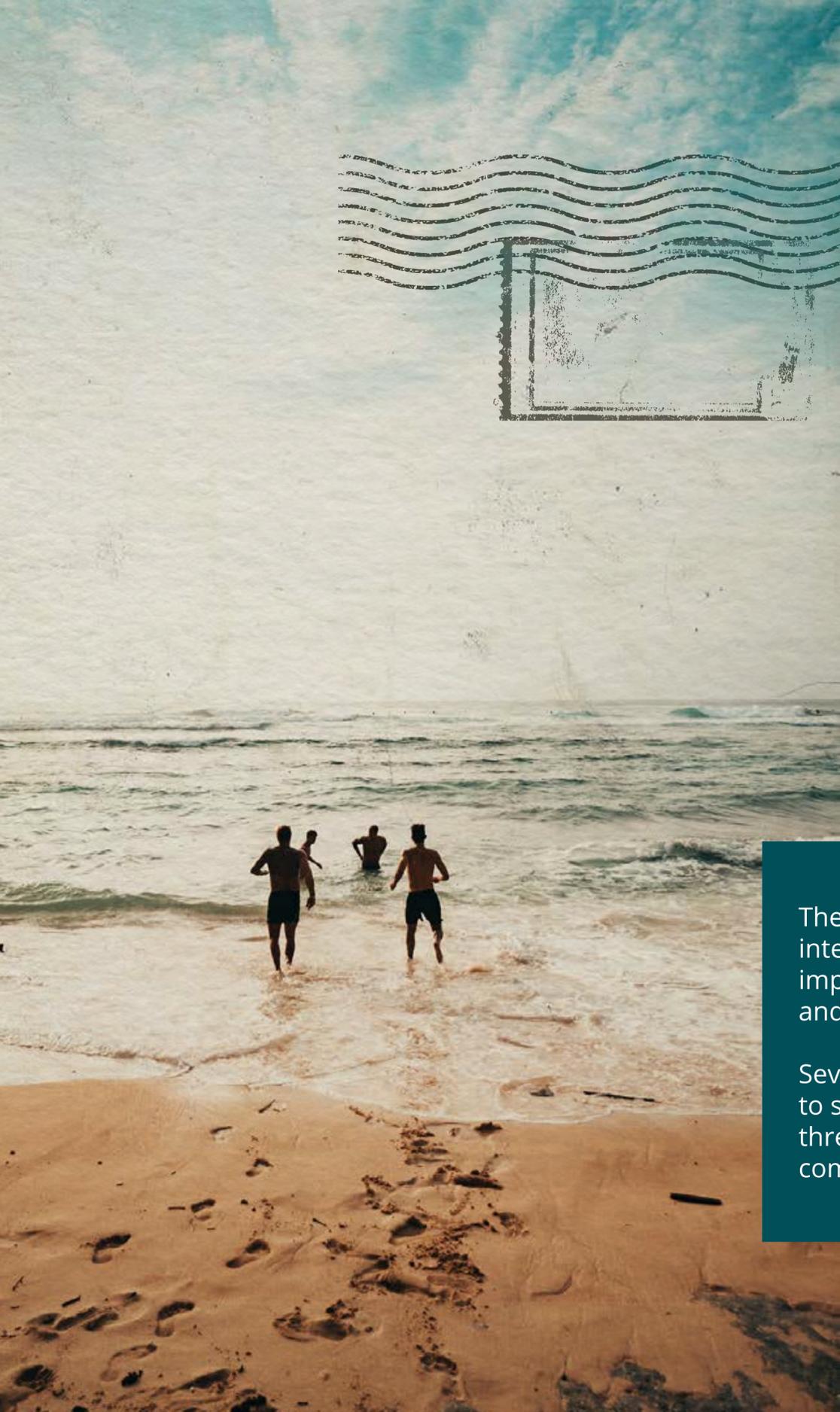
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Sector decarbonisation initiatives

Who's doing what

The travel and tourism sector is incredibly diverse, so identifying where emissions arise throughout all value chains⁷ – not just from the direct operation of your business – isn't a straightforward exercise.

Each business within your value chain will also have multiple sources of emissions: from the combustion of fossil fuels for heating, cooling, transport and other services, to emissions associated with the production of products, materials and equipment used within every business. And then there are the emissions associated with the loss of habitats due to land use change linked to the development of travel and tourism infrastructure, as well as from agricultural value chains.

The UK government's commitment to a net-zero economy by 2050 will be achieved through all economic sectors working towards a common goal. Many UK sectors relevant to the travel and tourism sector have already established decarbonisation roadmaps, initiatives, and commitments.

[CLICK TO SEE WHAT THEY ARE DOING](#)

The global cruise industry has committed to a 40% reduction in carbon emissions intensity by 2030 compared to a 2008 baseline. The main reduction measures include improving the efficiency of existing ships, investing in a modern, more fuel-efficient fleet and utilising alternative technologies, as well as low / zero emissions fuels.

Several cruise lines, including Carnival Corporation and MSC Cruises, have committed to ships powered by liquified natural gas (LNG). Hurtigruten Expeditions introduced three hybrid-powered ships, and Explora Journeys, part of the MSC Cruises Division, has committed to cruise ships powered by hydrogen.

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Major operational shifts

Given economic and population growth, sector decarbonisation strategies need to be ambitious if absolute emissions are to reduce.¹³

Within UK aviation, UK air passenger travel between 2010 and 2016 increased by 27%, whereas total emissions only grew by 0.2%. While air travel is predicted to increase further, emission reductions from the introduction of sustainable aviation fuel, improved air traffic management and more efficient technologies, will lead to emissions reductions per km travelled. However, absolute emissions could still increase as a result of sector growth.¹⁴

To ensure absolute reductions, sector decarbonisation plans must call for major operational shifts and any actions taken need to be transformative rather than ameliorative.

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Carbon reporting and reduction

The demands of climate change, with the consequent government requirements and stakeholder expectations, have forced companies to be more transparent about their carbon footprints and carbon reduction plans.

There are several obligatory carbon reporting initiatives, typically for larger companies, that are relevant to the tourism and travel sectors in the UK. Whilst this reporting and transparency may not be required of SMEs, stakeholder expectations for increased reporting will ultimately impact all businesses.

Whilst the reporting obligations are typically for larger organisations and specific sectors, it's good practice to be transparent, whatever the size of your organisation. Voluntary carbon reporting can have multiple advantages:

- Transparency for interested stakeholders including customers and investors
- Encouraging action and carbon reductions for the reporting company
- Enabling tracking of carbon reductions against commitments.

See current carbon reporting requirements / carbon reduction schemes and if they apply to you.

CURRENT CARBON REPORTING REQUIREMENTS

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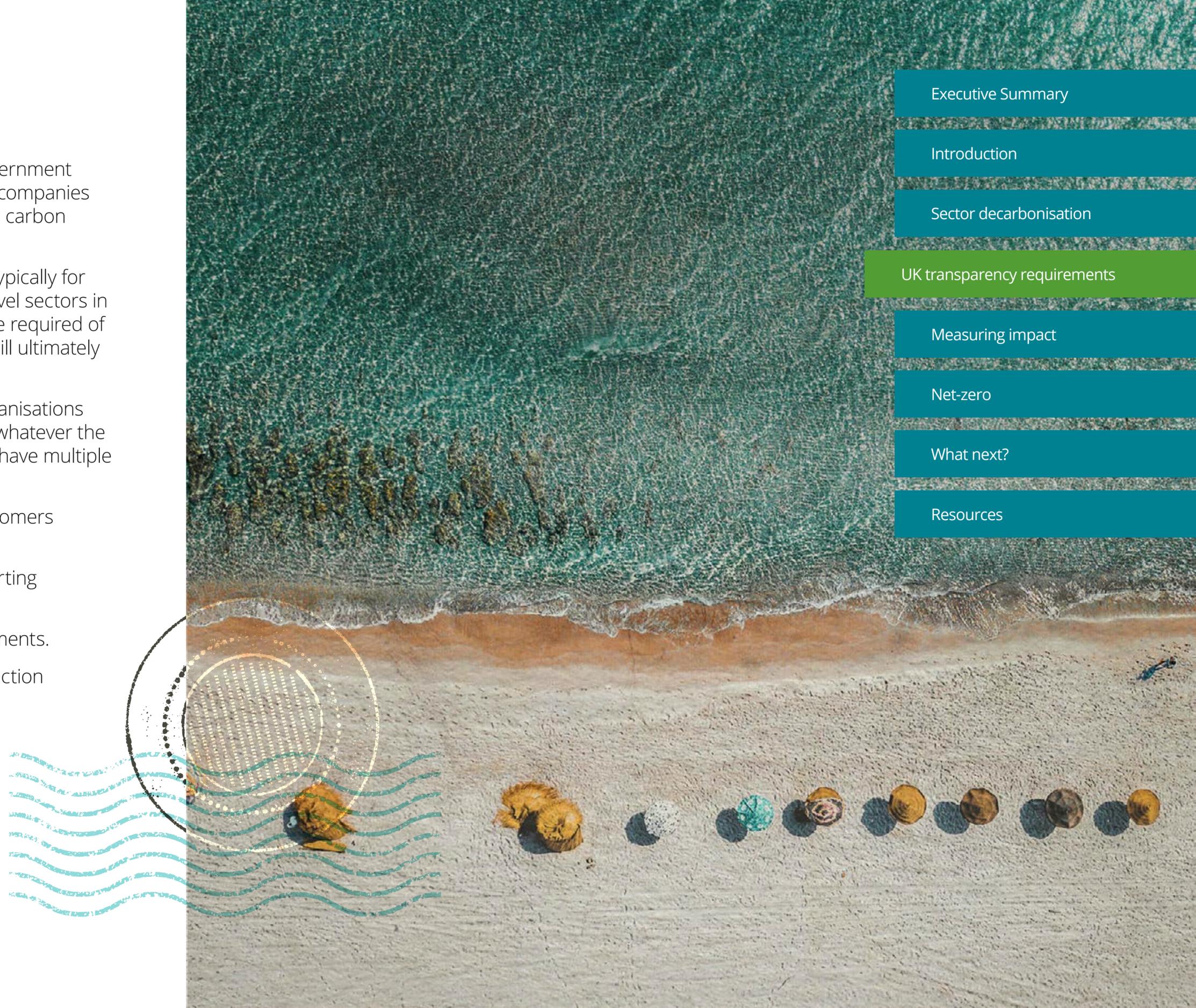
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Understanding climate risks and opportunities

Given the impacts of climate change on business, financial markets want to understand the climate-related risks and opportunities for the travel and tourism industry. These requirements are set out by the Task Force on Climate Related Disclosures (TCFD). **In line with the TCFD recommendations, the risks are split into transition and physical risks.**

TCFD recommends using scenario analysis in a climate change context as it can help organisations understand how potential climate risks and opportunities could evolve and impact their business. Scenario analysis is a useful analytical tool to assist critical strategic thinking, enable better planning and establishing action plans. It allows businesses to stress test their current strategy against various future outcomes and position them better to be able to respond more rapidly to disruptions.²³

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Transition risk

Transition risk is the risk related to transitioning to a lower carbon economy to meet company, sector, or national commitments to net-zero. Organisations within the tourism and travel industry will need to mitigate and adapt towards changes to policies, legal requirements, technologies and market changes during the transition. Depending on the nature, speed, and focus of these changes, transition risks may pose varying levels of financial and reputational risk to organisations.

Check out the different types of transition risk and their impact on tourism and travel.

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Physical risk

Physical risk comes from either event-driven (acute) extreme weather events, or longer-term shifts (chronic) in weather patterns resulting from climate change.

SEE EXAMPLES OF CLIMATE-RELATED PHYSICAL RISK

Tourists' destination choices will be affected by the physical changes resulting from climate change. There are some common features of climate change, such as extreme weather events and changing habitat boundaries for pests that create human health concerns, that will impact destinations around the globe.

SEE EXAMPLES OF DESTINATION RISKS AND OPPORTUNITIES

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The role of good governance

Business leaders must ensure that climate risk and opportunities are appropriately managed, alongside other business risks, with effective governance. Climate change is an intricate issue for boards, or company leaders within SME businesses, to understand, quantify and manage. Climate change risks are many and varied and can occur over both short and long timescales.

The landscape is also difficult to navigate. There's the evolving scientific understanding, changing policy and uncertain macroeconomic impacts – all compounded by a continuously developing business context within which companies must operate. **As a starting point, your board should have sufficient knowledge and skills to take informed decisions relating to climate change.**

World Economic Forum's eight principles of effective governance

[CLICK TO SEE THE PRINCIPLES](#)

“Innovate, accelerate, scale. When it comes to the climate crisis – winning slowly is the same as losing. To rebuild the world, we need to innovate, accelerate, and scale bold climate solutions.”

Tom Steyer, US Hedge Fund Manager, Philanthropist, and Environmentalist, December 2021³⁹

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Measuring impact: emissions reporting explained

Five reasons to measure your carbon footprint

Decarbonisation starts with understanding your carbon footprint. Measuring the carbon footprint of your company has multiple benefits:

- 01 Understanding where the key emissions sources or hotspots are within your company and value chains.
- 02 Providing a baseline to support focused decarbonisation plans.
- 03 Enabling your company to monitor change over time and understand the effectiveness of measures taken, or take steps to make measures more effective.
- 04 Enabling your company to benefit from efficiencies within the organisation and along the value chain, such as through reduced fuel bills.
- 05 Reporting and sharing performance with interested stakeholders and in line with mandatory carbon disclosures.

[CHECK OUT CURRENT GUIDANCE FOR MEASURING EMISSIONS](#)

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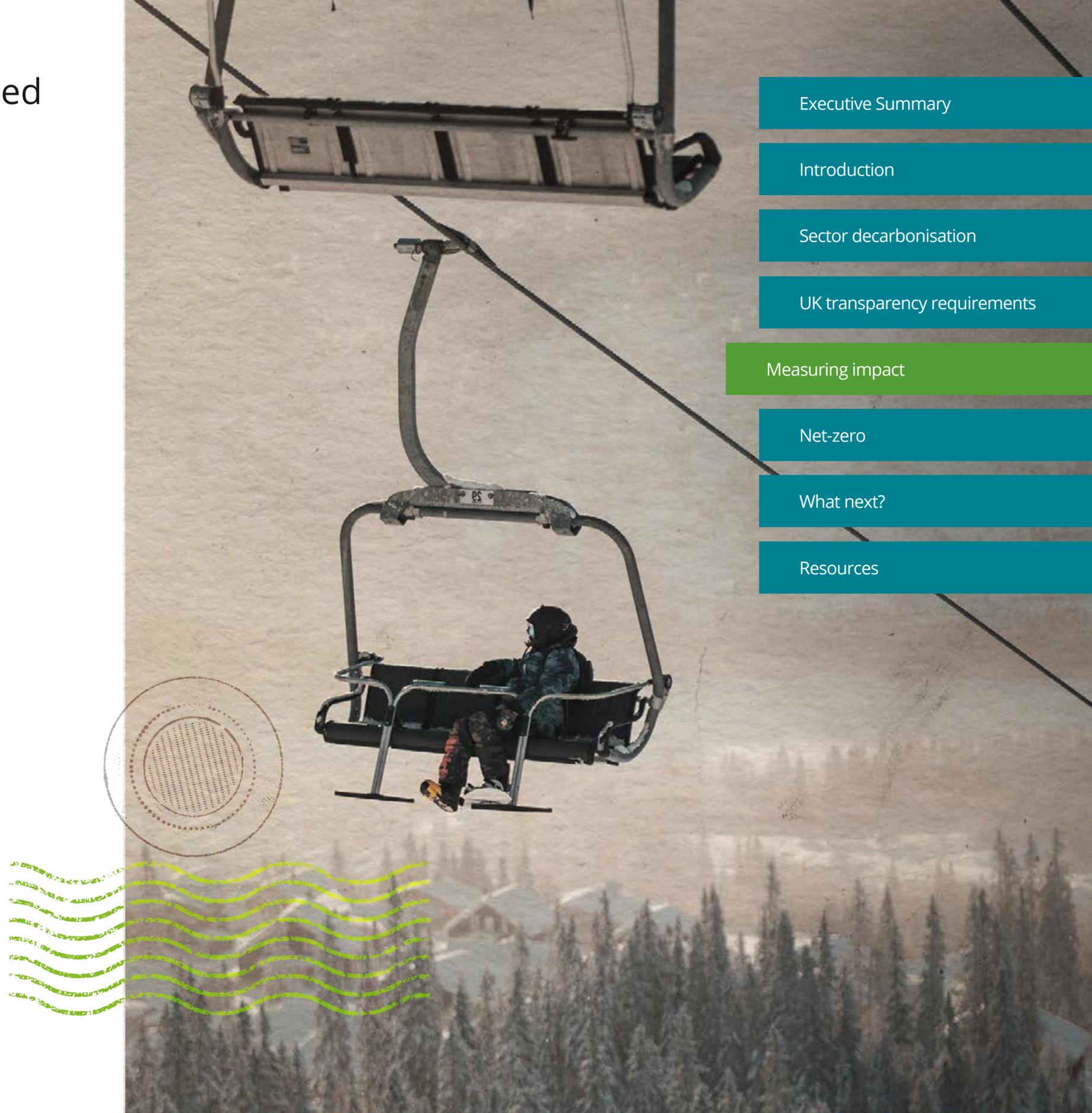
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Understanding the 'Scope' reporting structure

Reporting is structured around the concept of three Scopes. This provides a way of categorising emissions from different company activities. Correctly reported, the three Scopes offer a comprehensive inventory of carbon emissions associated with the direct and indirect activities of your company. Scope 1 and 2 emissions are generally the first place that companies start their carbon measurement and accounting journey.

Good quality carbon measurement and accounting forms the basis of understanding your company's current performance, enables the tracking of interventions and understanding of performance in progressing towards carbon reductions.

The GHG Protocol separates emissions into three Scopes:

Scope 1- Direct emissions from sources owned or controlled by a company

Scope 2- Indirect emissions from purchased electricity, steam, heat, and cooling

Scope 3- All other emissions associated with a company's activities

[CLICK TO SEE EXAMPLES OF SCOPE 1 AND 2 EMISSIONS IN YOUR SECTOR](#)

Exodus Travels has developed an approach to assessing and calculating emissions associated with the trips they organise for their customers. As a starting point, they identified six representative trips and calculated associated emissions. These are then extrapolated to provide an estimate for over 600 different trips. Finding data has been a challenge. In many cases, data is required to be itinerary specific and underpinned by a manual process or obtained from suppliers.

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Understanding the importance of Scope 3

Scope 3 emissions include all GHG emissions from your businesses' value chain, both up and downstream that arise from your business activities. Measuring Scope 3 emissions allows your company to focus emissions reduction activities on those activities within the value chain that contribute the highest emissions volumes, and which can deliver the greatest GHG reduction potential.

Scope 3 is typically more complex to account for than Scopes 1 and 2 due to the wide number of emissions sources and the challenges in obtaining any, or good quality data. Until recently, most companies have focused on accounting and reporting for Scope 1 and 2 emissions, however increasingly companies are acknowledging the true scale of emissions originating along their value chain and seeking better ways to quantify these emissions. Reporting of Scope 3 will increasingly be expected, for example TCFD now encourages reporting on Scope 3 emissions when they are defined as material to the organisation.

SCOPE 3 CATEGORIES AND EXAMPLES

Scope 3 emissions should only be accounted for in relation to the volume of products, services, waste etc., produced by the reporting organisation. By nature, Scope 3 emissions will be double counted within the value chain by the different companies involved. For example, emissions from food production will be accounted for by the grower, processor, retailer and cruise liner. That's because what is defined as Scope 1 and 2 emissions for one company, can be a Scope 3 emission for another. However, within a single organisation there should be no double counting.

All emissions should fit within Scope 1, 2 or 3 only once.

As indirect emissions for your organisation, Scope 3 can be difficult to influence. **Indeed, your business may require significant technological or systemic behaviour change to engage on measurement and reporting of emissions across your value chain.**

THE CHALLENGES OF MEASURING SCOPE 3 IN YOUR SECTOR

OPPORTUNITIES TO REDUCE SCOPE 3 EMISSIONS

Scope 3 emissions make up 24% of **Virgin Atlantic's** overall carbon footprint, with the key challenge of measuring this footprint being the lack of primary emissions data from suppliers, such as hotels. Virgin Atlantic currently uses the GHG protocol guidance for calculation of Scope 3 emissions. For key categories such as purchased goods and services, capital goods and use of sold products, they use a spend-based methodology utilising financial data and applying Comprehensive Environmental Data Archive (EIO) emissions factors.

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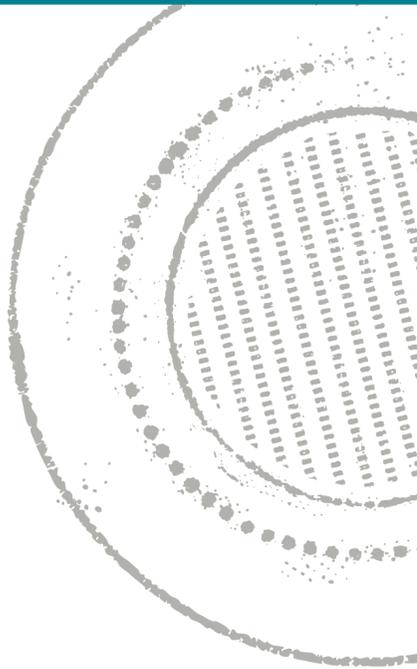
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Different businesses, different emissions

The nature of different activities and operations for different companies means the distribution of emissions between the Scopes will vary between companies. Where a business owns and operates its own transport fleet, the Scope 1 emissions are going to be significant. Indeed, for asset-heavy companies, such as those that own aeroplanes and cruise ships, Scope 1 emissions can account for over 80% of total emissions due to the level of fuel consumption and on-board power generation.

The abatement of Scope 1 emissions of this type is a challenge for the industry because decarbonisation solutions – such as sustainable aviation and low carbon shipping fuels – are not yet available at scale. Improved route planning and operational efficiency can reduce emissions.

MSC Cruises have committed to a net-zero emissions target for 2050, with a focus on Scope 1 emissions as a major contributor to the overall emissions profile of the business. Calculations for Scope 2 emissions are complex for the cruise industry, requiring consideration of the extensive global operations, including offices and port terminals.

Then, over time, more efficient or low carbon technologies can be incorporated through fleet renewal.

For companies where purchased electricity (Scope 2) is a large source of GHG emissions, there are opportunities to reduce emissions by investing in energy-efficient technologies and engaging with energy reduction techniques. For businesses that own hotels, resorts and villas, Scope 2 emissions can account for over 30% of the overall emissions arising from energy consumption for activities such as in-house laundry, lighting, office heating, cooling and electricity. For Travel Agencies, Scope 2 accounts for over 50% of overall emissions, due to office and data centre heating and cooling, as well as other electricity use.²⁶

Businesses that organise activities and contract out much of the delivery to third parties, will have more significant indirect Scope 3 emissions. Typically, Scopes 1 and 2 are more straightforward to measure than Scope 3, although they may be equally as challenging to reduce. The relevance of considering this split is to identify where the most significant emissions are and therefore where to focus time and financial effort to achieve the greatest carbon reductions.

Virgin Atlantic's most material emissions are from the fuel it burns in its fleet. However, the company has invested in its fleet renewal programme since 2007 – delivering a 20% reduction in carbon emissions. Its fleet today is 16% more efficient than 2019, with 70% being 'next generation' (aircraft are equipped with efficient twin engines and state-of-the-art technology designed to save fuel and reduce emissions).

The mission is to achieve net-zero by 2050, and the company is aiming for a further 15% reduction by 2026 through continued fleet modernisation and operational efficiency, with a 100% next generation fleet by 2027. They have milestones in place for reductions: by 2030 they are targeting a 15% net reduction in total CO2 emissions, including 10% of fuel sourced from sustainable aviation fuel and by 2040, a 40% net reduction.

Accounting for these emissions is independently verified each year for submission to EU Emissions Trading Scheme (EU ETS) and the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA).

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Intrepid Travel has identified opportunities to lower the overall GHG emissions footprint of their tours and operations. For trips, the company is focused on reducing carbon during the itinerary design stage. For example, most of Intrepid's Premium trips feature locally owned accommodation and many use renewable and alternative energy sources, reducing the company's Scope 3 emissions. The Premium range is designed to have a low environmental footprint and a positive impact on local communities. Most trips visit social enterprise projects that work to promote gender equality, animal welfare, environmental sustainability, and economic empowerment.

In addition, Intrepid has reviewed their top 50 tours to remove flights under 90 minutes where a suitable alternative exists. For example, a flight has been replaced by a boat ride in a Cambodia trip, reducing the Scope 3 emissions from aviation associated with this trip. Due to the nature of their operations, many of Intrepid's suppliers are locally owned SMEs. As a result, there is a need to understand these suppliers' progress in the carbon journey via surveys and conducting audits to accelerate learning and engaging businesses on carbon reduction.

“Twenty-five years ago people could be excused for not knowing much, or doing much, about climate change. Today we have no excuse.”

Desmond Tutu, Former Archbishop of Cape Town, April 2014⁴⁰

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Delay is not an option

Challenges exist with carbon data, particularly in relation to the measurement of Scope 3 where data may not exist or be of poor quality. This is recognised by the reporting and target-setting guidelines. For example, the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting guidelines acknowledged uncertainty in the data and suggests that **“Companies should identify and track key uncertainty sources throughout the inventory process and iteratively check whether the confidence level of the results is adequate for the company’s business goals.”**

The SBTi Corporate Manual suggests that a high-level Scope 3 screening inventory is undertaken that can be used for target setting as well as to identify where to focus efforts on improving data quality because **“over time, companies should strive to develop complete inventories and improve data quality for high-impact categories (i.e., collect primary data) to better track progress against targets.”**

The clear message is that, given the urgency of the climate crisis, **you cannot wait for high quality data before you take action.** High-level screening and assumptions can be sufficient to direct action with data quality improvement to be developed over time. Despite the challenges highlighted, many companies within the UK travel and tourism industry have announced decarbonisation plans for Scopes 1, 2 and 3, and have found approaches to managing data challenges until more accurate data sources are developed.

Learning from other sectors

Many sectors have specific measurement and reporting challenges related, for example, to the complexity of supply chains, the availability and quality of data or a common approach to reporting across businesses.

Work has been undertaken in the food and drink sector to establish common approaches to difficult areas. Examples include the development of reporting guidance for Food Loss and Waste by the World Resources Institute and the development of Scope 3 GHG measurement and reporting protocols which draws together current good practices and reporting expectations for the sector by WRAP. In addition, WRAP has developed a datasheet of common secondary emissions factors for key primary food and drink products to support improvements in inventory data for food and drink companies.

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Get further measurement guidance

Click the below for more information on each piece of guidance.

DECIDING YOUR ORGANISATIONAL BOUNDARY FOR GHG MEASUREMENT

HOW THE EMISSIONS ALLOCATION STRUCTURE CAN WORK

MEASURING SCOPE 1 AND 2 EMISSIONS

MEASURING SCOPE 3 EMISSIONS

SETTING TARGETS

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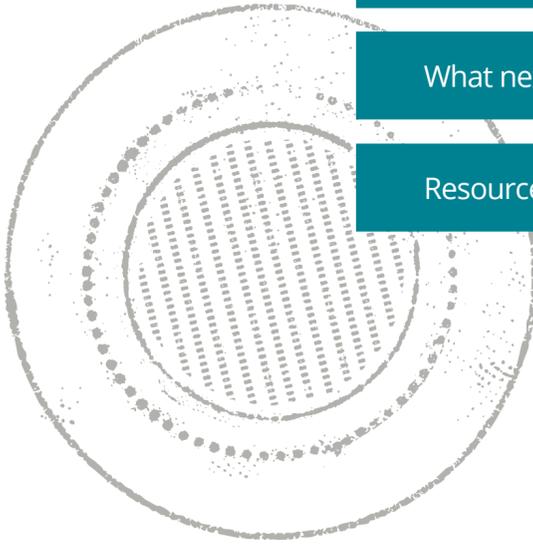
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“Avoiding climate breakdown will require ‘cathedral thinking’. We must lay the foundation while we may not know exactly how to build the ceiling.”

Greta Thunberg, Environmental Activist, April 2019⁴¹

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Net-zero: your decarbonisation journey

Background

Launched at COP26 in 2021 and initiated by the One Planet Network, the Glasgow Declaration on Tourism²⁹ requires that signatories halve emissions by 2030 and reach net-zero before 2050, while publicly reporting on progress.

This ambition is aligned to the widely adopted Science Based Target Initiative (SBTi) and to the international commitments made in the 2015 Paris Agreement, signed by leaders of nearly 200 countries, to limit warming to well below 2°C and preferably to 1.5°C.

Net-zero describes the scenario in which a company has reduced its carbon emissions (Scope 1,2 and 3) as far as possible and then uses alternative mechanisms to remove the remaining carbon from the atmosphere – typically through ‘nature-based solutions’. The main focus for corporate net-zero programmes is the decarbonisation of a company’s own operations and supply chain. That’s because carbon absorption arising from nature-based solutions is insufficient to solve the climate crisis.

The SBTi established target-setting methodologies for companies transitioning to net-zero focused on rapid, deep emission cuts to limit global temperature rise to 1.5°C.³⁰

The initiative requires setting both near-term (by 2030) and long-term (by 2050) science-based targets. For larger companies, this includes Scope 3 reporting and targets. A company is only considered to have reached net-zero when it has achieved its long-term science-based target. The SBTi has set specific guidance for some sectors including aviation, hotels, leisure, restaurant and tourism services, where land use is significant and the Forest, Land and Agriculture (FLAG) guidance is applicable.^{31,32}

SBTi’s Climate Action in 2022 plan indicated that sector-specific maritime guidance, including cruise lines, would be published as a resource to help these companies respond to growing pressures.³³ The SBTi also has an option for SMEs (defined by the standard as having fewer than 500 employees) which neither requires the validation phase, nor the setting targets for Scope 3 emissions. Although it does still require measurement and reducing of Scope 3 emissions.

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Making a commitment

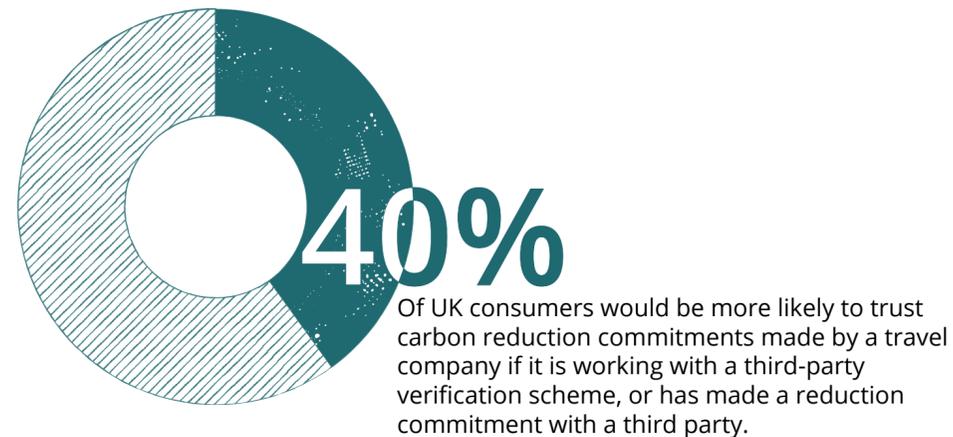
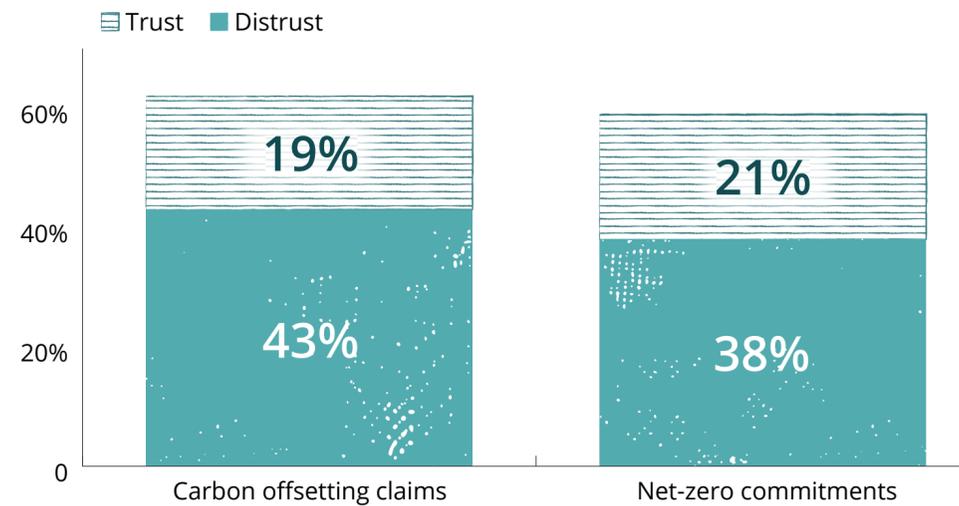
Following established good practice, commitments from the tourism industry, including major players like Virgin and MSC Cruises, aim to achieve net-zero by 2050 at the latest. Some companies have also committed to setting science-based targets, such as The Travel Corporation (TTC) or to halve carbon footprints by 2030, like Exodus Travels.

The **Travel Corporation** developed its sustainability strategy 'How We Tread Right', in September 2020 with goals to achieve carbon neutrality by 2030 or sooner. It later expanded upon that goal to commit to achieve net-zero by 2050. It has outlined a series of goals such as sourcing 50% electricity from renewable sources by 2025, reducing food waste by half, and reducing printed brochures by 2025.

In 2010, **Intrepid Travel** created a carbon management program and became the largest carbon neutral travel company. This was achieved through compiling an annual GHG inventory (in line with the GHG Protocol's Corporate Accounting and Reporting Standard) and offsetting annual emissions footprint by purchasing and retiring international carbon credits.

In 2020, Intrepid became the first global tour operator with verifiable science-based reduction targets – via the Science Based Targets initiative (SBTi). The business has committed to a 71% reduction in absolute Scope 1 and 2 GHG emissions by 2035 from a 2018 base year. The targets covering GHG emissions from company operations, including Scopes 1 and 2, and are consistent with reductions required to keep warming to 1.5°C.

As a leading travel brand offering advice and guidance to the travelling public, as well as leading the travel industry in supporting high service standards and promoting responsible tourism at home and abroad, **ABTA plays a key role in encouraging its members as well as the industry to build and implement credible science-based net-zero plans.** Having a credible net-zero plan is important, particularly given the level of distrust amongst UK consumers towards climate commitments set by organisations.



Source: Global Consumer Tracker – March 2022

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Making a commitment

There are several initiatives that companies have signed up to – both as a public declaration of commitment as well as an opportunity to learn and share good practices.

KEY NET-ZERO INITIATIVES IN TOURISM AND TRAVEL

United Airlines is the first airline to commit to reduce GHG emissions by 100% by 2050, without relying on offsets. The company has already reduced emissions intensity by 46% between 1990 and 2019 through fleet renewal, operational improvements, investment in sustainable aviation fuels (SAF), and direct air capture (DAC) for carbon removal.

Travelife for Accommodation, the GSTC-recognised sustainability certification scheme run by ABTA, requires hotels to monitor and reduce energy, water, waste and the use of hazardous substances throughout their operations.

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Developing your strategy

Achieving net-zero is a challenge but one that requires progressive action to limit the devastating impacts of climate change. For companies, **a net-zero commitment needs to be backed up by a plan or roadmap** – even if not yet fully articulated or financed – that sets out actions needed to start on the trajectory for emission reductions needed.

The question you must answer is, based on the understanding you have through measurement of the carbon footprint of your business, **what are the actions you can take, and changes you can make to reduce emissions?**

FIVE STEPS TOWARDS A NET-ZERO STRATEGY

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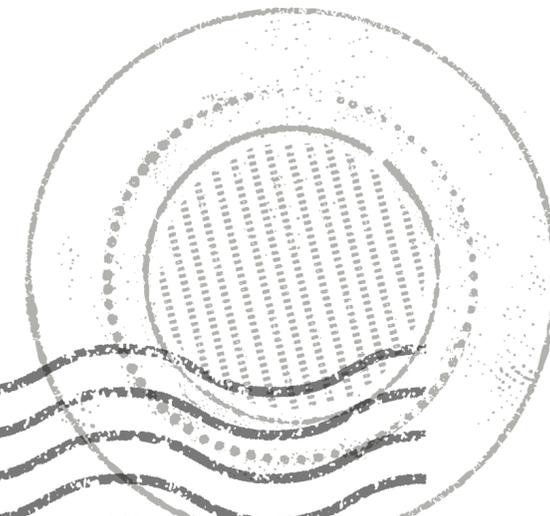
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Knowing where to focus

Actions need to be focused on those areas likely to deliver the greatest impact, and this will depend on the nature of your business. For aviation and cruise in particular, reduction of emissions is contingent on advancement of technologies.

EXAMPLES OF LEVERS FOR DIFFERENT TRAVEL AND TOURISM ACTIVITIES

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Key mapping considerations

Once the emissions profile of the business is understood following the measurement phase, there are many pieces of the puzzle that need to be aligned when designing and implementing your net-zero roadmap.

Finding solutions to reduce emissions from food has been an important challenge for hotels and travel companies. **Asterias Beach Resort**, an affiliate of DER Touristik Hotel and Resorts' reduced food waste by 25% through a number of initiatives including pre-ordering food for the restaurant, live cooking to complement buffets and informing guests about conscious eating.

WHAT YOU NEED TO TAKE INTO ACCOUNT

Establishing a net-zero plan requires you to understand:

- your company's current carbon footprint
- where reductions can be made
- how to engage with and influence the supply chain
- ways to positively inform consumers who can support your carbon objectives
- the means to finance the transition.

Learning from other sectors

Increasingly consumers want to purchase items that align with their values and therefore look for information on products that support value-driven purchases. In the food and drink sector different types of product labelling exist – including logos that represent a known set of environmental and social values, labels that demonstrate improvements such as reduction in carbon footprint.

The sector is examining the challenge of quantitative product labelling that could allow a consumer to compare the carbon footprint of one product with another. This is difficult given the variability in environmental impact calculation methodologies. Some European retailers have been introducing the 'eco-score', a measure based on standard product footprint calculations, plus some considerations which allow comparisons between different products, but not within product categories.

Industry collaboration on key areas of decarbonisation can deliver more significant and rapid change – in particular where value chains are shared and systemic change is needed. One such example is the coordinated attempt by UK industry to ensure all imports of soy to the UK is deforestation and conversion free through public commitments and a collaborative approach through the UK Soy Manifesto.

For all those reasons it can be more difficult for SMEs to design and implement decarbonisation plans.

However, **ABTA supports its members to determine and transition to a low carbon operating model for the sector via:**

- online guidance on carbon management
- events and webinars
- bespoke advice available from their sustainability team.

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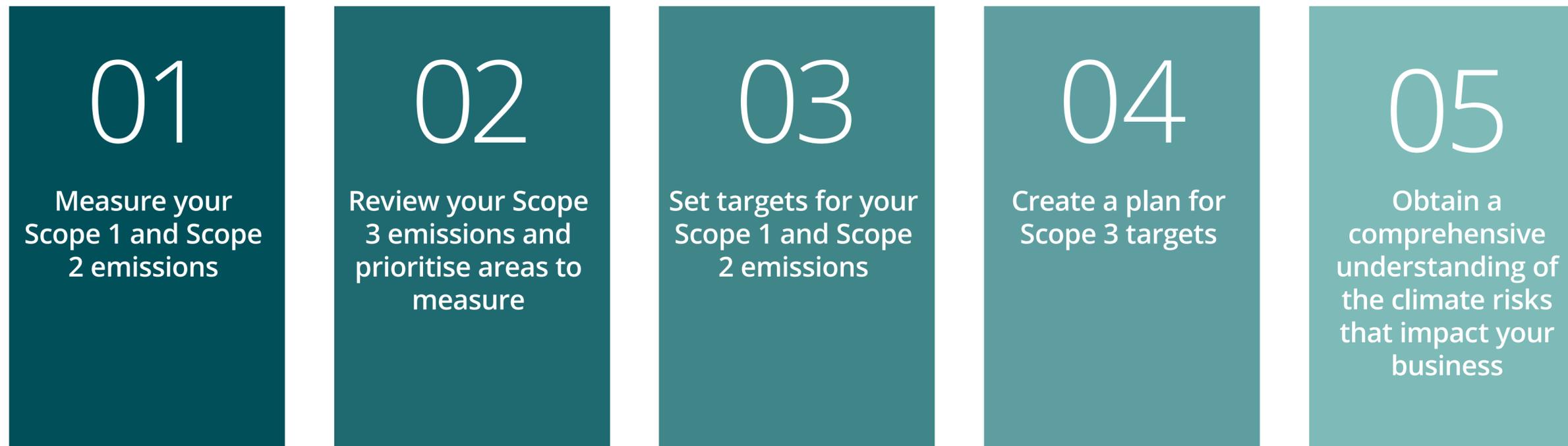
Five steps to successful climate action

The business case for addressing and building resilience to climate change is clear. The travel industry will inevitably be impacted by the changes to both natural and human ecosystems caused by climate change, and must adapt to and mitigate its impacts. The regulatory landscape is also transforming, and its requirements are likely to be demanding of businesses both great and small.

In short, you can't duck climate change issues. The entire travel and tourism sector has no choice but to face up to the pressing need for climate action.

Knowing where to start, or what steps to take next, can be daunting.

So, we've made that easier by clarifying the five key steps to successful climate action:



FIVE KEY STEPS IN MORE DETAIL

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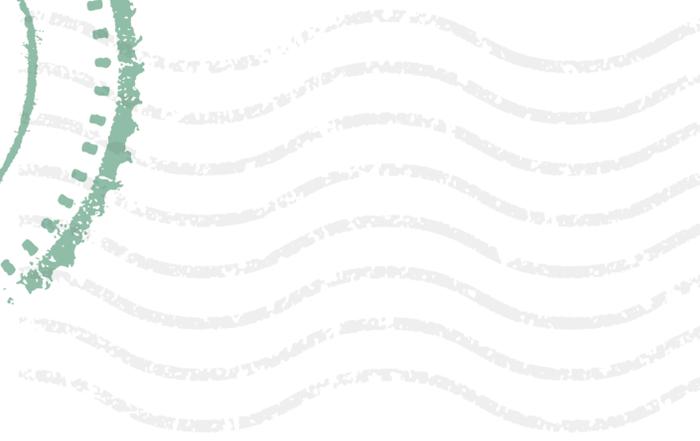
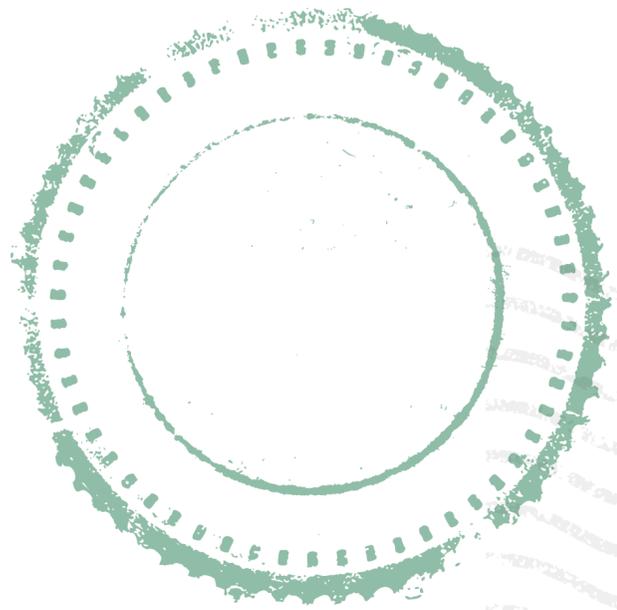
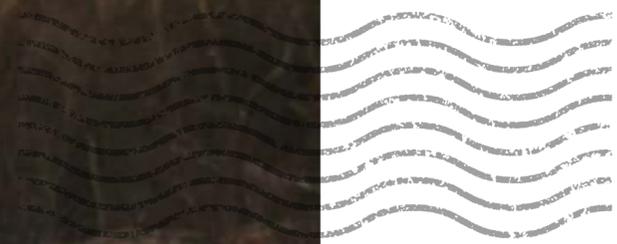
Collaboration and progress

Beyond those practical next steps, our two key takeaways are collaboration and progress. Collaboration across the industry is key to enhancing the climate resilience of the travel industry. This will benefit business as well as the planet, as sustainability can be a competitive advantage.

The sector is expected to make the required changes at considerable speed. Again, collaboration will help this. Sharing good practice, applying proven models, approaches and tools, whilst engaging across supply chains and customer bases, will expedite progress across the industry.

Finally, it is important to be realistic. Although you should strive for the best carbon reduction possible, do not let perfection stand in the way of progress. For example, diverting resources to accurate measurement rather than real action. Travel and tourism has already proved itself to be adaptable and robust during the pandemic. It must now transform itself into a climate-resilient industry.

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Further resources

ABTA provides a range of sustainability resources for members. These include guidance and tools to help travel companies address specific issues that are likely to arise in business operations and / or supply chains and help engage customers on sustainability.

There are written materials, recorded webinars, and even face-to-face meetings available with the ABTA sustainability team to support members. And the e-learning training courses cover a range of sustainability topics.

TOPICS INCLUDE

GUIDANCE ON SPECIFIC ISSUES INCLUDES

ABTA PUBLICATION: 'TOURISM FOR GOOD'

You can learn more about ABTA and sustainability [here](#).

GLOSSARY OF TERMS

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Sector decarbonisation initiatives

Who's doing what

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Impact

Hospitality sector



- UK Hospitality, working together with the Zero Carbon Forum, has established a net-zero roadmap.⁸ It sets out an action plan to eliminate operational emissions from hospitality companies by 2030 and achieve net-zero across supply chains by 2040. Hospitality companies are encouraged to commit to this pledge.
- WRAPs Courtauld Commitment for the food and drink sector, including hospitality and food service companies, aims to deliver a 50% absolute reduction in GHG emissions associated with food and drink consumed in the UK by 2030 (against a 2015 baseline).⁹

Transport sector



- Jet Zero is the strategy to achieve the UK Government's vision for the aviation sector to reach net-zero by 2050.¹⁰
- Decarbonising transport sets out a range of objectives for UK transport, such as increasing walking and cycling, zero emission buses and coaches, as well as decarbonising railways, car fleets, aviation, maritime sectors, freight and logistics.¹¹
- The International Maritime Organisation's GHG strategy is to reduce the carbon intensity of international shipping by 40% by 2030, and aim for a 70% reduction by 2050 (compared to a 2008 baseline), plus an absolute GHG emission reduction of at least 50% by 2050.¹²

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Requirement	Description	Who needs to report and comply
Task Force on Climate-Related Financial Disclosures (TCFD)	This is a mandatory requirement for large companies to disclose clear, comparable, and consistent information on the financial risks and opportunities presented by climate change. ¹⁵	From April 2022 it's mandatory for the UK's largest companies to disclose climate-related risks in line with TCFD guidance. ¹⁶ The largest companies are those that either: <ul style="list-style-type: none"> • are required to produce a non-financial information statement; or • have both a turnover £500m or more and employ 500 people or more Many investors now require TCFD reporting.
Streamlined Energy and Carbon Reporting (SECR)	The legislation introduces additional reporting requirements for quoted companies in their Director's Report and for Limited Liability Partnerships' (LLPs) in their Energy and Carbon Report. Quoted companies of all sizes are required to continue reporting their GHG emissions - including total global energy use and information relating to energy efficiency. Large unquoted companies and LLPs must report previous year's figures for energy use and GHG emissions, at least one intensity ratio, energy efficiency action taken, and the methodology used. ¹⁷	Quoted companies, large unquoted companies and LLPs must comply with the relevant requirements. A company or LLP is defined as large if it satisfies two of the following requirements: <ul style="list-style-type: none"> • turnover of £36 million or more • balance sheet total of £18 million or more • 250 or more employees
UK Emissions Trading Scheme (UK ETS)	UK ETS works on the 'cap and trade' principle, where a cap is set on the total amount of GHGs emitted by sectors covered by the scheme. Each year, installations and aircraft operators under the scheme must surrender allowances to cover their reportable emissions. The cap is reduced over time, so that total emissions must fall. ¹⁸	The UK ETS applies to: <ul style="list-style-type: none"> • energy-intensive industries • the power generation sector • aircraft operators The application of UK ETS to aircraft operators depends on aviation operations and trips that depart from an aerodrome in the UK and arrive in an aerodrome in: the UK, a European Economic Area (EEA) State (excluding outermost regions), Gibraltar, an offshore structure in the UK sector of the continental shelf, an offshore structure in the continental shelf of an EEA State ¹⁹
Carbon Offsetting and Reduction Scheme for International Aviation (CORSA)	CORSA is a global market-based scheme that enables airlines to compensate their international flights' CO2 emissions by purchasing carbon offsets. A carbon offset is a credit for carbon reductions made by one party that can be purchased to compensate the emissions generated by another party. ²⁰ CORSA aim to offset the amount of CO2 emissions that cannot be reduced using technological and operational improvements, and sustainable aviation fuels.	<ul style="list-style-type: none"> • CORSA applies to international flights • All applicable international flights are identified, and each international flight should be allocated to a single plane operator • CORSA is voluntary for states until 2026; 109 states have signed up including the UK
International Maritime Organization (IMO) and the Marine Environment Protection Committee (MEPC)	MEPC operates under the remit of the IMO. IMO has adopted mandatory measures to reduce emissions of GHGs from international shipping, including: <ul style="list-style-type: none"> • IMO's pollution prevention treaty (MARPOL) extended to include GHGs • the Energy Efficiency Design Index (EEDI) mandatory for new ships • the Ship Energy Efficiency Management Plan (SEEMP) 	For shipbuilders, owners and operators: <ul style="list-style-type: none"> • mandatory technical EEDI for new ships requiring a minimum energy efficiency level per capacity mile for different ship type and size segments • operational SEEMP's for all ships • establish data systems for mandatory recording and reporting of fuel oil consumption for ships over 5,000 gross tonnage²¹
Energy Savings Opportunity Scheme (ESOS)	This is a mandatory energy assessment and energy saving identification scheme for large undertakings (and their corporate groups). The scheme applies throughout the UK. ²²	Any UK organisation that meets either one or both conditions below as at 31 December 2022: <ul style="list-style-type: none"> • employs 250 or more people • has an annual turnover in excess of €44 million and an annual balance sheet total in excess of €38 million

The different types of transition risks and their impact on tourism and travel



Policy and Legal

Risk to tourism and travel industry

- Increase in the price of carbon (e.g., UKETS carbon floor price)
- Enhanced emission reporting obligations (e.g., CORSIA)
- Net-zero commitments becoming mandatory for businesses of all sizes and industries
- Mandates on and regulation of existing products and services
- Exposure to litigation through failure to comply with carbon regulations

Mitigation and adaptation options

- Incorporate carbon pricing forecasting into financial planning
- Implement climate governance into the organisation
- Set and implement policies aligned with net-zero commitments

Technology

Risk to tourism and travel industry

- Operational risks associated with new low emissions technology (e.g., more efficient and new technologies for aircraft and cruise ships)
- Many companies within the travel and tourism industry rely on renewable energy to meet their net-zero commitments. However, there is insufficient availability of renewable electricity to meet future corporate demand
- Substitution of existing products and services with lower emissions options

Mitigation and adaptation options

- Find alternative solutions to renewable energy such as biofuels or hydrogen

Market

Risk to tourism and travel industry

- Travel and tourism consumers are shifting priorities, making sustainability a key factor when travelling. Research by Booking.com found that 83% of people say global travel is vital, and 60% say the pandemic has made them want to travel more sustainably.⁴² Not being able to show sustainable options may deter consumers from travelling with, or purchasing services from, those companies
- ABTA's Holiday Habits research found that consumers are increasingly prepared to pay more for a holiday with a company that has a better environmental and social record. 19% of consumers were prepared to pay more in 2011. That figure is now 38% in 2022.²⁴
- Business travel is rapidly changing as companies focus more on their Scope 3 emissions (which include travel emissions) as they work towards their net-zero commitments. And decarbonisation may mean travelling less for business and using remote technology instead
- Consumers are more aware of the impact of climate change as they are exposed to extreme weather events worldwide, (e.g., Australian wildfire in 2022) and this may deter travel / impact travel patterns
- Increased cost or reduced availability of carbon-intensive supply chain materials, such as fuels for vehicles or batteries for electric vehicles

Mitigation and adaptation options

- Independent third-party certification schemes, such as Travelife for Accommodation
- Showcase efforts made by the company to reduce emissions
- Share progress to net-zero
- Improve transparency of emissions data
- Low-carbon flight options

Reputation

Risk to tourism and travel industry

- Acting at a slow pace towards net-zero increases the risk of the travel and tourism industry being stigmatised as not being proactive in sustainability
- Social media platforms can be used to depict companies in the travel industry negatively when it underperforms on standards. This impacts consumers' decisions to travel with or purchase from those companies

Mitigation and adaptation options

- Manage reputational risks through transparent voluntary and mandatory reporting, adoption of net-zero targets and plans to achieve commitments

Physical risk

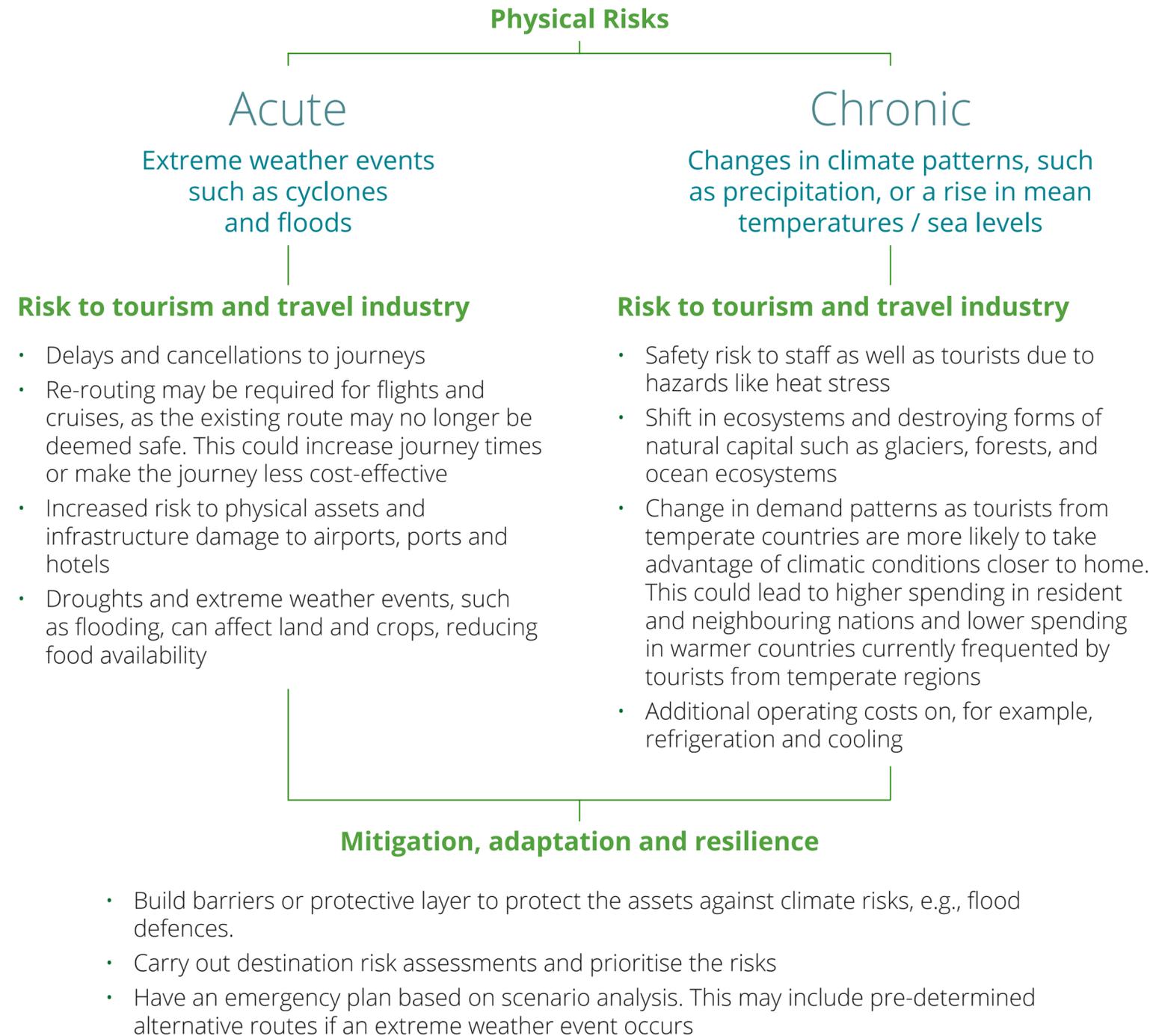
Physical risk comes from either event-driven weather events, or longer-term shifts (climate patterns) resulting from climate change

SEE EXAMPLES OF CLIMATE-RELATED PHYSICAL RISKS

Tourists' destination choices will be affected by changes resulting from climate change. Key features of climate change, such as extreme weather events, changing habitat boundaries for pests and diseases, and concerns, that will impact destinations

SEE EXAMPLES OF DESTINATION RISKS AND CONSEQUENCES

Climate-related physical risks



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Physical risk

Physical risk comes from either event-driven weather events, or longer-term shifts (chronic patterns) resulting from climate change.

SEE EXAMPLES OF CLIMATE-RELATED PHYSICAL RISKS

Tourists' destination choices will be affected by changes resulting from climate change. The features of climate change, such as extreme weather events, changing habitat boundaries for pests that concern, that will impact destinations around the world.

SEE EXAMPLES OF DESTINATION RISKS AND OPPORTUNITIES

Destination risks and opportunities



Destination type

Coastal and island destinations



- Coastal erosion and sea level rise could endanger life, lead to loss of land and physical damage to infrastructure.
- Excessive seaweed growth and algal blooms in coastal waters impacts water quality and amenity for water sports.
- Increase in mean temperature could change the dynamics between the lengths of the peak, shoulder period and off peak seasons. This would allow visitor numbers to spread across a longer period; reducing the impact on destinations and facilitating more sustainable tourism options.

Mountain and winter destinations



- Temperature and precipitation changes result in less snow, which affects ski season timing and length.
- Periods of high temperatures result in rapid melting of glaciers making them unstable and eventually impacting water sources for regions.
- Lengthening of the summer period could facilitate other outdoor activities such as hiking, trekking, and mountain biking. Stakeholders could adapt by diversifying products and services, such as grooming ski slopes to reduce snow depth requirements.

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World Economic Forum's eight principles of effective governance



1

Principle 1

Climate accountability on boards

The board or company leader is accountable to shareholders and other stakeholders for ensuring the company's long-term resilience to climate-related risks. In addition to the whole board having responsibility for managing climate-related risks, one board member should be responsible for driving it.

The board should ensure that the vision, mission and values of the company are compatible with the board's understanding of the role the company can play in climate change adaptation and mitigation.

3

Principle 3

Board structure

The board or company leader should effectively embed climate risk and opportunities into its committee structures. There should be a robust system for monitoring and overseeing climate-related risks and the progress of strategic plans to mitigate them.

4

Principle 4

Material risk and opportunity assessment

The board or company leader must assess the short-, medium- and long-term materiality of climate-related risk. The organisation's level of actions towards climate risk should be proportionate to the materiality.

7

Principle 7

Reporting and disclosure

The board or company leader should ensure that climate-related risks, opportunities, and strategic decisions are transparently shared with all stakeholders, especially to investors and regulators. These disclosures may be included with financial reporting to give a holistic picture of risk and opportunity.

5

Principle 5

Strategic integration

The board or company leader should allocate responsibility for managing climate-related risks at a management level, with working groups or committees to support the integration of climate risk considerations into business decision-making. These should have sufficient resources to properly manage the risks.

6

Principle 6

Incentivisation

The board or company leader should ensure executives' incentives are aligned with the long-term health and resilience of the business. This may comprise of climate-related targets in executive incentive schemes.

2

Principle 2

Command of the subject

The board or company leader should be composed of a sufficiently diverse knowledge, skills, experience and background of climate-related risk and opportunity to make informed and relevant decisions. The board should regularly discuss climate-related risks.

8

Principle 8

Exchange

The board or company leader should sustain regular external engagement with peers, policymakers, investors, and other stakeholders, to stay relevant and up to date with current best practices in climate governance.

Measuring impact: emissions reporting explained

Five reasons to measure your carbon footprint

Decarbonisation starts with understanding your carbon footprint. Measuring the carbon footprint of your company has multiple benefits:

01 Understanding where the key emissions sources or hotspots are within your company and value chains.

02 Providing a baseline to support focused decarbonisation plans.

03 Enabling your company to monitor change over time and understand the effectiveness of measures taken, or take steps to make measures more effective.

04 Enabling your company to benefit from efficiencies within the organisation and along the value chain.

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There are multiple guidelines aimed at driving consistency of carbon reporting across businesses – particularly the following GHG protocol standards:

Corporate Accounting and Reporting Standard

Provides requirements and guidance for companies and other organisations preparing a corporate-level GHG emissions inventory

Corporate Value Chain (Scope 3) Standard

Allows companies to assess their entire value chain emissions impact and identify where to focus reduction activities

Product Standard

Used to understand the full life cycle emissions of a product

These standards offer the basic structure for emissions reporting, and while they do not answer all sector-specific reporting challenges, they are the starting point for all companies.

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Scope 1 and 2 emissions in your sector



Scope 1

Direct GHG emissions are emissions that arise from sources that are owned or controlled by the company

Examples common to cross-sector businesses, for comparison

- Emissions arising from burning fossil fuels (e.g., gas or heating fuel) to heat buildings and water
- Emissions (leaks) from refrigerants used in building and vehicle cooling systems
- Emissions arising from combustion engines of company-owned cars
- Emissions from industrial processes

Examples specific to the tourism and travel sector

- Combustion of fuel for the propulsion of owned vehicles including planes, ships, buses, and cars
- Emissions from gas-fired boilers used to heat water, premises, and facilities
- Emissions arising from on-site vehicles

Scope 2

Indirect emissions arising from the purchasing of energy

Examples common to cross-sector businesses, for comparison

- Emissions from the generation of electricity, steam, heating and cooling by other companies and used in owned offices and operations

Examples specific to the tourism and travel sector

- Energy use in offices
- Energy used in accommodation and other service delivery

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Scope 3 categories and examples

Upstream Scope 3 emissions

	Category 1 Purchased goods and services	Category 2 Capital goods	Category 3 Fuel and energy related activities	Category 4 Upstream Transportation & Distribution	Category 5 Waste generated in operations	Category 6 Business travel	Category 7 Employee commuting	Category 8 Upstream Leased Assets
Description	Extraction, production, and transportation of goods and services purchased or acquired by the reporting company. Purchased goods refer to any products purchased for use within the business directly, or for selling to customers. Services refers to any provision of service used for both direct and indirect purposes.	Extraction, production, and transportation of capital goods purchased or acquired by the reporting company. Capital goods are final products that have an extended life and are used by the company to manufacture a product, provide a service, or sell, store, and deliver merchandise.	Extraction, production, and transportation of fuels and energy purchased or acquired by the reporting company.	Transportation and distribution of products (such as food and drink) purchased by the reporting company between a company's tier 1 suppliers and its own operations in vehicles and facilities not owned or controlled by the reporting company (emissions beyond tier 1 will be included in category 1).	Disposal and treatment of waste generated in the reporting company's operations.	Transportation of employees for business-related activities.	Transportation of employees between their homes and their worksites.	Operation of assets leased by the reporting company (lessee).
Examples of emissions relevant to the tourism and travel industry	<p>Emissions arising from:</p> <ul style="list-style-type: none"> • The growing, processing, transport and distribution of food and beverages sold through catering provision within businesses • Third party accommodation provided through organised tours • Services such as cleaning 	<ul style="list-style-type: none"> • Emissions created in the production of capital goods such as technology, furnishings, buildings, aircraft and cruise ships • This also includes the end-of-life treatment of capital goods, such as aircraft and cruise ships, if owned by the reporting company 	<p>Upstream emissions of:</p> <ul style="list-style-type: none"> • Purchased fuels: Emissions associated with the extraction, production and transport of fuels used by the company e.g., aviation fuel. Emissions from the combustion of these fuels would be included in Scope 1 • Purchased electricity: emissions associated with extraction, processing and transportation of fuels used by power generators for the electricity used by the company e.g., electricity used in offices or travel accommodation 	<ul style="list-style-type: none"> • Third party transport of consumables and food from a supplier and hotels, cruise ships or aircraft prior to departure 	<ul style="list-style-type: none"> • Emissions arising from the collection, handling, disposal or treatment of waste from call centres, high street shops, accommodation, cruise ships, aircraft and transfer coaches 	<ul style="list-style-type: none"> • Emissions from third party transportation of tourism and travel company employees travelling for business purposes 	<ul style="list-style-type: none"> • Emissions of employees and transportation providers that occur during use of vehicles (e.g., from energy use) • Emissions from employee teleworking 	<ul style="list-style-type: none"> • The Scope 1 and Scope 2 emissions of lessors that occur during the reporting company's operation of leased assets (e.g., emissions from fuel combustion from leased vehicles)

Continue to more examples →



Scope 3 categories and examples

Downstream Scope 3 emissions

	Category 9 Downstream Transportation & Distribution	Category 10 Processing of sold products	Category 11 Use of sold products	Category 12 End of life treatment of sold products	Category 13 Downstream Leased assets	Category 14 Franchises	Category 15 Investments
Description	Transportation and distribution of products sold by the reporting company between the reporting company's operations and the end consumer (if not paid for by the reporting company), including retail and storage in vehicles and facilities not owned or controlled by the reporting company.	Processing of intermediate products sold in the reporting year by downstream companies (e.g., manufacturers).	End use of goods (such as cooking of food or washing of clothes), and services sold by the reporting company.	Waste disposal and treatment of products sold by the reporting company at the end of their life.	Operation of assets owned by the reporting company (lessor) and leased to other entities.	Operation of franchises not included in Scope 1 and Scope 2.	Operation of investments (including equity and debt investments and project finance).
Examples of emissions relevant to the tourism and travel industry	<ul style="list-style-type: none"> The Scope 1 and Scope 2 emissions of transportation providers, distributors, and retailers that occur during use of vehicles and facilities (e.g., from energy use) 	<ul style="list-style-type: none"> The Scope 1 and Scope 2 emissions of additional processing of products once sold by the reporting company. This is unlikely to be significant for travel and tourism companies 	<ul style="list-style-type: none"> The direct use-phase emissions of sold products over their expected lifetime This is unlikely to be significant for travel and tourism companies 	<ul style="list-style-type: none"> Emissions resulting from the disposal or treatment of sold products at the end of the product life, such as from merchandise, consumables, food and other products This is unlikely to be significant for travel and tourism companies 	<ul style="list-style-type: none"> Emissions from the use of leased vehicles when used by the lessees that occur during operation of leased assets 	<ul style="list-style-type: none"> Energy use of franchisees that occur during operation of franchises 	<ul style="list-style-type: none"> Emissions resulting from the operation of entities and projects into which the reporting company has invested

[← Back to more examples](#)

Understanding the importance of Scope 3

Scope 3 emissions include all GHG emissions from your businesses' value chain, both up and downstream that arise from your business activities. Measuring Scope 3 emissions allows your company to focus emissions reduction activities on those activities within the value chain that contribute the highest emissions volumes, and which can deliver the greatest GHG reduction potential.

Scope 3 is typically more complex to account for than Scopes 1 and 2 due to the wide number of emissions sources and the challenges in obtaining any, or good quality data. Until recently, most companies have focused on accounting and reporting for Scope 1 and 2 emissions, however increasingly companies are acknowledging the true scale of emissions originating along their value chain and are beginning to quantify these emissions. Reporting on Scope 3 emissions is now expected, for example TCFD now encourages companies to report on Scope 3 emissions when they are defined as material.

Scope 3 emissions should only be accounted for in relation to the volume of products, services, waste etc., produced by the reporting organisation. By nature, Scope 3 emissions will be double counted within the value chain by the different companies involved. For example, emissions from food production will be accounted for by the grower, processor, retailer and cruise liner. That's because what is defined as Scope 1 and 2 emissions for one company, can be a Scope 3 emission for another. However, within a single organisation there should be no double counting.

All emissions should fit within Scope 1, 2 or 3 only once.

SCOPE 3 CATEGORIES AND EXAMPLES

The challenges of measuring Scope 3 in your sector

- Obtaining data of sufficient quality to calculate emissions
- The cost of measurement due to the data-intensive – and therefore resource-intensive – nature of Scope 3
- A lack of standardisation across the sectors which can make accounting for Scope 3 difficult and inconsistent between companies.

Scope 3 emissions make up 24% of **Virgin Atlantic's** overall carbon footprint, with the key challenge of measuring this footprint being the lack of primary emissions data from suppliers, such as hotels. Virgin Atlantic currently uses the GHG protocol guidance for calculation of Scope 3 emissions. For key categories such as purchased goods and services, capital goods and use of sold products, they use a spend-based methodology utilising financial data and applying Comprehensive Environmental Data Archive (EIO) emissions factors.

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Understanding the importance of Scope 3

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Scope 3 is typically more complex to account for than Scope 2 due to the wide number of emissions sources and the difficulty in obtaining any, or good quality data. Until recently, companies have focused on accounting and reporting for Scope 1 and 2, however increasingly companies are acknowledging the importance of emissions originating along their value chain and to quantify these emissions. Reporting of Scope 3 emissions is now expected, for example TCFD now encourages companies to report emissions when they are defined as material to their business.

Scope 3 emissions should only be accounted for in relation to the volume of products, services, waste etc., produced by the reporting company or by its subsidiaries, or by a subsidiary of a subsidiary of the reporting company.

Opportunities to reduce Scope 3 emissions

Accommodation providers

- Encourage the adoption of lower GHG emission menus
- Reduce waste generation where possible, such as consideration of meal portion sizes, replacing small single-use products with sustainable alternatives, and encouraging segregation of waste streams

Aviation and asset-heavy tour operators

- Encourage the adoption of lower GHG emission menus
- Explore highest value material recovery options and the end of an aircraft's life
- Maximise lower carbon technology options such as remanufactured or refurbished ICT equipment

Tour operators (asset light)

- Offer customers alternative lower carbon modes of travel
- Support accommodation options that have decarbonisation programmes

Cruises

- Consider strategies for mechanical remanufacturing and refurbishing wherever possible
- Encourage the adoption of lower carbon menus

SCOPE 3 CATEGORIES AND EXAMPLES

and use of sold products, they use a spend-based methodology utilising financial data and applying Comprehensive Environmental Data Archive (EIO) emissions factors.

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Deciding your organisational boundary for GHG measurement

The GHG Reporting protocol identifies different approaches to accounting for GHG inventories – **either based on equity or operational control**.

The first step in accounting for GHG emissions is to determine the accounting approach that your business will use.

In setting the organisational boundaries, you need to choose an approach for consolidating GHG emissions and then consistently apply it across your business and operations.

- 1. Equity share:** a company accounts for its GHG emissions according to its share of equity in the operation. For example, holding a 49% equity share in a company will result in 49% of carbon emissions associated with that company being allocated to your organisation.
- 2. Operational Control:** a company accounts for 100% of the GHG emissions from operations over which it has either financial or operational control. It does not account for emissions from operations in which it owns an interest but doesn't have control.

The choice of approach depends on the purpose of GHG accounting:

- risk and liability management
- part of a trading scheme
- alignment with financial accounting
- management and reduction tracking.

Whilst reporting on an equity basis may be a closer representation of the reality of who is benefiting economically from businesses, it may be more time-consuming and challenging in terms of accessing data.

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How the emissions allocation structure can work



Key

----- Equity share ———— Operational control Financial control



Wholly owned and joint operations of Go Wild	Legal structure and partners	Economic interest held by Go Wild	Control of operating policies	Treatment in Go Wild financial accounts	Emissions accounted for and reported by Go Wild	
					Equity Approach	Control Approach
Jet Sports	Non-incorporated joint venture partner with 2 other partners	25%	Go Wild	Proportionally consolidated joint venture	25%	100% for operational control 25% for financial control
Sandy Toes	Incorporated joint venture with another partner major	25%	Go Wild	Subsidiary (Go Wild had financial control since it treats Sandy Toes as a subsidiary in its financial accounts)	43%	100% for operational control 100% for financial control

Figure 1: Fictitious example of defining organisational boundaries

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Get further measurement guidance

Click the below for more information on each piece of guidance.

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Measuring Scope 1 and 2 emissions



Activity data

The quantitative measure of the corporate activity leading to the emissions. Units will vary depending on the activity e.g. kWh of electricity used, miles travelled, litres of fuel used.



Emissions factor

The quantity of GHG emissions associated with a specific unit of activity. The unit is tonnes CO₂e (carbon dioxide equivalent.)



Calculated emissions for a particular activity

The quantity of GHG emissions associated with a specific unit of activity. The unit is tonnes CO₂e (carbon dioxide equivalent.)

Emissions factors are used instead of direct monitoring of concentrations and flow rates which are only available in a few specific circumstances. Emission factors can be obtained from some suppliers, or from published sources including the UK Government GHG conversion factors.²⁷ The GHG Protocol also provides cross-sector and sector-specific calculation tools and guidance if needed.

To report total GHG emissions, you may need to collect data across multiple sites and business divisions, and potentially across different jurisdictions. The data collection process can therefore be complex and must be planned adequately to minimise the reporting burden, reduce the risk of errors, and ensure that all facilities and / or divisions are compiling data on a consistent basis.

Measuring Scope 3 emissions



The key reference for how to account for Scope 3 emissions is the GHG Protocols Corporate Value Chain (Scope 3) Accounting and Reporting Standard.²⁸

Organisational and operational boundaries for Scope 3 accounting should be aligned with those used for accounting for Scopes 1 and 2, for example using the basis of financial control, operational control or equity share. **Between all 3 Scopes, all emissions should be accounted for.**

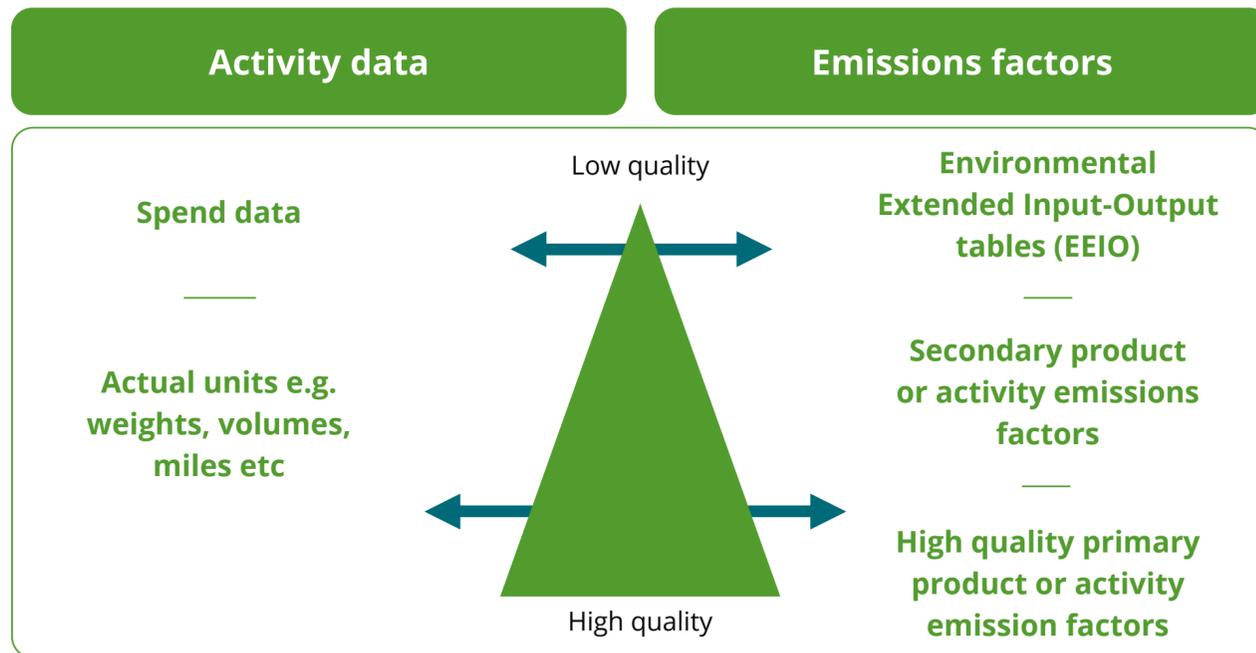
There are 15 categories within Scope 3. They are designed to be mutually exclusive to prevent double counting of emissions between categories for any given reporting company.

The first step in accounting for Scope 3 emissions is to map your value chain and identify all activities that need to be included within your Scope 3 inventory.

Measuring Scope 3 emissions is complex. That's why it's vital to take a pragmatic approach. As with Scopes 1 and 2, two key data points are needed:

- **Activity data:** how much of an activity or product does your company use
- **Emissions factors:** what is the carbon footprint related to that activity

The diagram below shows the different sources of activity data and emissions factors, each with their own advantages and disadvantages.



The screening process can use easily available data. This is typically spend data from which emissions are estimated using publicly available emissions factors from sources called 'environmentally extended input output' (EEIO) tables. The resulting inventory is of poor data quality and has limitations. However, it's sufficient to provide direction on where to focus efforts to improve data quality.

Efforts can then be focused on the most material activities. The GHG protocol defines the criteria for identifying which are the most material Scope 3 activities:

Criteria	Description
Size	They contribute significantly to the company's total anticipated scope 3 emissions
Influence	There are potential emissions reductions that could be undertaken or influenced by the company
Risk	They contribute to the company's risk exposure (e.g., climate change related risks such as financial, regulatory, supply chain, product and customer, litigation, and reputational risks)
Stakeholders	They are deemed critical by key stakeholders (e.g., customers, suppliers, investors, or civil society)
Outsourcing	They are outsourced activities previously performed in-house or activities outsourced by the reporting company that are typically performed in-house by other companies in the reporting company's sector
Sector guidance	They have been identified as significant by sector-specific guidance
Other	They meet any additional criteria for determining relevance developed by the company or industry sector

Spend-based data is derived from accounting systems which should be accurate and relatively easy to extract. Moving to actual units takes additional analysis and data sourcing or assessment – such as working out how many km your customers travel, how many kgs of food types they consume, and how many units of different products are used.

Likewise, moving away from published EEIO tables requires understanding and sourcing of often complex emissions data. This is either secondary data that is relevant to your business activities, or exploring how and if primary data is available, is reliable and can be captured. Moving to higher quality and more business specific Scope 3 emissions data is a critical step towards enabling effective target setting and performance monitoring. This process is in its early stages in terms of supplier data availability and the technological solutions to support companies in achieving this goal, but it is a rapidly evolving space and one critical to finding solutions to our climate change challenges.



Get further measurement guidance

Click the below for more information on each piece of guidance.

DECIDING YOUR ORGANISATIONAL BOUNDARY FOR GHG MEASUREMENT

HOW THE EMISSIONS ALLOCATION STRUCTURE CAN WORK

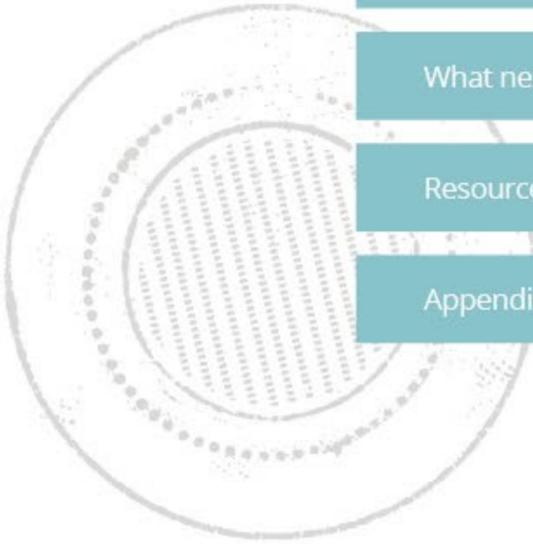
Setting targets ✕

A core objective of measurement is to enable the setting of targets and improvement over time. The key steps are:

- choosing a base year and establishing base year emissions
- setting reduction goals for all emission Scopes and developing associated action plans
- accounting for emissions reductions over time
- establishing policies for baseline recalculation to ensure comparability over time. For example, taking account of mergers and acquisitions, of significant improvements in data quality, or changes to accounting methodologies.

Specific rules apply to setting science-based targets, and you should refer to SBTi guidance.

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Making a commitment

There are several initiatives that companies have signed up to – both as a public declaration of commitment as well as an opportunity to learn and share good practices.

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KEY NET-ZERO

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Key net-zero initiatives across tourism and travel



Initiatives

Members and joining criteria

Impact and opportunities

Science Based Targets Initiative

Over 3000 companies from a range of sectors worldwide have committed to setting targets in line with science-based targets to achieve net-zero.

Demonstration of transparency and commitment to the required levels of carbon reduction.

UN High-level Champions' Race to Zero³⁴ and Race to Resilience³⁵ campaigns

Members include 1,049 cities, 67 regions, 5,235 businesses, 441 of the biggest investors and 1,039 Higher Education Institutions. Most members join through an affiliated campaign of Race to Zero, including Business Ambition for 1.5C, Our Only Future, Business Declares, The Climate Pledge, Exponential Roadmap Initiative, and Planet Mark.

Engage in UN Climate Change activities (UNFCCC and the Marrakech Partnership).

UN Global Compact's Business Ambition for 1.5C commitment³⁶

Members include 1,290 leading companies across various industries, with 28 signatories from the tourism sector as at March 2022.

Engage in the wider UN system and exchange best practices with signatories from various sectors.

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Five steps towards a net-zero strategy

Step 01



Establish a baseline and identify hotspots

Agree a GHG emissions footprint for the company and identify which activities have the most material carbon impact.

Step 02



Set a target

Consider where emissions reductions can be made and set a reduction target. Targets must be ambitious as the transition to a low carbon economy needs to happen fast.

Across the industry, most net-zero targets are set to be achieved by 2050 at the latest, as requested by the Glasgow declaration and required by the SBTi.

Industry good practices include setting ambitious interim targets as well as a detailed plan to reach those targets.

Step 03



Draw up a roadmap

Develop a roadmap that establishes where carbon reductions will be made. Some reductions may be built into your model already – via, for example, trends and initiatives already underway, such as introducing sustainable aviation fuel, or increasing the use of electric vehicles. Other reductions will require proactive decision-making, such as opting for lower carbon procurements, avoiding emissions in the first place, collaborating with suppliers to find lower carbon products, or investing in lower carbon technologies. Financing is a key consideration within the development of the roadmap.

Step 04



Develop a plan for residual emissions

Only residual emissions should be offset through the purchase of carbon credits.

Businesses should do as much as possible to reduce emissions before considering offsetting which cannot provide sufficient carbon sequestration to offset current emissions.

Step 05



Track reductions and report

Reporting requires establishing capability for data capture and analysis, including reporting progress against the reduction target. It is a critical aspect of the strategy, encompassing both mandatory and voluntary disclosures.

Knowing where to focus

Actions need to be focused on those areas likely to deliver the greatest impact, and this will depend on the nature of your business. For aviation and cruise in particular, reduction of emissions is contingent on advancement of technologies.

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Examples of levers for different travel and tourism activities



Tour operators

- Switch to lower carbon energy sources for electricity (renewables) and fuels (i.e., switch to electric vehicles)
- Identify methods to reduce waste
- Consider using local and low carbon products, such as food and drink
- Use lower carbon transport options
- Implement lower carbon procurement decisions

Aviation

- Improve aircraft technology
- Create operational efficiencies
- Use sustainable aviation fuel
- Invest in R&D for improving sustainable performance

Cruise lines

- Improve operational efficiency
- Use lower carbon fuels
- Apply more efficient / lower emissions technologies

Hotels

- Implement energy efficiency improvements
- Explore operational efficiencies, including waste reduction and sourcing of local food
- Implement lower carbon procurement decisions and use lower carbon energy suppliers
- Obtain a GSTC-recognised certification from a label that focuses on reducing emissions

Travel agents

- Use lower carbon energy sources for electricity (renewables)
- Use more sustainable business travel options - such as trains rather than planes
- Implement lower carbon procurement decisions

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What you need to take into account

Consider all appropriate levers for maximum impact

- The most significant carbon hotspots should drive the development of the roadmap.
- An assessment needs to be made as to which of the possible levers and initiatives available will provide the most appropriate solutions for your business.

Provide leadership and drive change within your organisation

- The scale of transition required for net-zero calls on expertise and support from across your business - from R&D to finance, from supply chain engagement to marketing and communications.
- Leadership from the top, supported by resource allocation and appropriate incentives is needed to drive the transformation needed.

Finance the transition

- Resources need to be provided to support the footprint measurement, strategy development, and most important of all, strategy delivery.
- The financial strategy should include where the finance will come from for each initiative, such as existing investment programmes, debt or internal carbon pricing, and who the key players might be.

Support customer behaviour change

- Increasingly customers are looking for more sustainable options, but many are not, and many are not willing to pay for more sustainable products.
- In many cases it is difficult for consumers to make more sustainable choices due to a lack of transparency in sustainability information.

Implement existing and emerging technologies

- There may be existing carbon reduction solutions that are tried and tested but need to be scaled, or there might be new innovations that are yet to be proven.
- Adopting new or improved technologies that decrease carbon emissions can offer a good return on investment, and should be timetabled into planned upgrade programmes.

Respond to regulation

- There is some regulation to support greater transparency (such as TCFD) and the transition to a low carbon economy (such as mandatory sector reduction initiatives).
- Regulation alone is unlikely to result in the rapid transition to net-zero needed. Companies therefore need to be leaders in driving the change.

soy to the UK is deforestation and conversion-free through public commitments and a collaborative approach through the UK Soy Manifesto.



Examples of levers for different travel and tourism activities



01

Measure your Scope 1 and Scope 2 emissions

These emissions are within your control, and you should be able to measure, monitor and report on them.

02

Review your Scope 3 emissions and prioritise areas to measure

The Scope 3 emissions of travel companies are complex, but also represent a material proportion of your emissions that contribute to climate change.

You should prioritise your most material Scope 3 categories for measurement, while accepting that measurement will not be perfect and will require engagement with your supply chain and customers, as well as estimations and assumptions.

With that in mind, set a medium-term strategy that continuously improves upon your Scope 3 measurement, and considers completeness / data quality over time.

03

Set targets for your Scope 1 and Scope 2 emissions

Having a net-zero ambition for targets, particularly those within your control, is a necessity. You should set ambitious, scheduled reduction or neutralisation targets – supported by operational plans to achieve them and the ability to monitor progress.

04

Create a plan for Scope 3 targets

As a material proportion of your emissions, considering a plan for reduction and neutralisation of your Scope 3 emissions could make a considerable difference to your climate resilience.

Due to the complexity of Scope 3 emissions, the focus should be started by prioritising your material impacts and having a long-term strategy for reduction and neutralisation of your Scope 3 emissions.

You should regularly engage with your supply chain, exploring improvements in measurement and opportunities to reduce or neutralise your Scope 3 emissions.

For further information on and explanation of the three Scopes, go to [‘Measuring impact: emissions reporting explained’](#).

05

Obtain a comprehensive understanding of the climate risks that impact your business

Assess physical and transitional risks and how they impact your business. Get started with a qualitative assessment and when momentum and evidence is there, move to quantitative assessment by using climate scenario analysis.

You should have a governance process in place, such as an internal working group which includes senior leaders within your business, that will assess climate risks as they change over time. Finally, to enhance the climate resilience of your business, you should incorporate these into your strategy and operational decisions.

To learn more about climate risks in your sector, go to [‘Understanding climate risks and opportunities’](#).



Further resources

ABTA provides a range of sustainability resources for members. These include guidance and tools to help travel companies address specific issues that are likely to arise in business operations and / or supply chains and help engage customers on sustainability.

Topics include ✕

Engaging customers
Covers consumer trends on sustainability, and how to talk about it in an engaging way, as well as advice on how to be more sustainable on holiday.

Involving your suppliers
For example, Travelife for Accommodation. Travelife is an internationally recognised accommodation sustainability programme, run by ABTA, to improve travel businesses environmental, financial and social impact. Members have access to the self-service portal where they can download the latest membership status report and Travelife logos, as well as information on how get started with accommodation sustainability.

Measuring success
Explains sustainability indicators and how to measure them.

meetings
e-learning

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Further resources

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There are written materials, recorded webinars, and even face-to-face meetings available with the ABTA sustainability team to support members. And the e-learning training courses cover a range of sustainability topics.

TOPICS INCLUDE

Guidance on specific issues includes ✕

- Environmental issues
- Destination management and local impact
- Respecting human rights
- Managing animal welfare

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TOPICS INCLUDE

ABTA publication: 'Tourism for Good' ✕

Building on ABTA's long-standing sustainability work, **this report** provides a framework that supports ABTA's commitment to championing sustainability with its members, the wider travel industry, destinations and customers.

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Glossary of terms



Term	Definition
Carbon accounting	Carbon accounting is the process used to measure how much carbon a company or country is emitting into the atmosphere.
Carbon emissions	For the purposes of this guidebook, carbon emissions means all GHG emissions.
Carbon offset	An offset represents the reduction, removal or avoidance of greenhouse gas emissions, or increase in carbon storage, from a sector / region not subject to an emissions cap. Offsets are used to compensate for emissions that occur elsewhere e.g., through land restoration or the planting of trees and are measured in tonnes of CO2 equivalent (tCO2e).
Downstream Scope 3 emissions	Indirect GHG emissions from sold goods and services. Downstream emissions also include emissions from products that are distributed but not sold (i.e., without receiving payment). Examples of downstream Scope 3 emissions sources are: use of sold products and the end-of-life treatment of sold products.
GHG Protocol	The Greenhouse Gas (GHG) Protocol corporate standard is an international standard used by organisations to measure and account for GHG emissions. The aim of the standard is to increase consistency and transparency in GHG accounting, as well as simplify the process of compiling a GHG inventory.
Greenhouse Gas (GHG)	A gas that contributes to the greenhouse effect by absorbing and emitting infrared radiation. The greenhouse gases covered by the GHG reporting protocol are: carbon dioxide (CO2); methane (CH4); nitrous oxide (N2O); hydrofluorocarbons (HFCs); perfluorocarbons (PCFs); sulphur hexafluoride (SF6) and nitrogen trifluoride (NF3).
Materiality	Concept that individual or the aggregation of errors, omissions and misrepresentations could affect the GHG inventory and could influence the intended users' decisions. Definitions of materiality differ dependent on the reporting standard or requirement.

Term	Definition
Nature-based solutions	Nature-based solutions include tree planting, restoring ecosystems and other land use change projects. To be used as a part of a net-zero strategy any carbon benefits from nature-based projects need to be within a formal carbon register, following established and agreed rules.
Net-zero	The IPCC defines net-zero as a state when global anthropogenic GHG emissions are balanced by GHG removals over a specified period. In a corporate context, the definition is less clear. Typically, net-zero approaches involve reducing carbon (or GHG) emissions to ensure that we keep global warming to below 1.5°C. This differs from 'carbon neutral', a goal that is typically achieved by a reliance on carbon offsets, rather than limiting emissions. .
Science-based target	Targets adopted by companies to reduce greenhouse gas (GHG) emissions are considered 'science-based' if they are in line with what the latest climate science says is necessary to meet the goals of the Paris Agreement. An approved science-based target is ratified by the Science Based Targets Initiative (SBTi).
Task Force on Climate-Related Financial Disclosures (TCFD)	The Financial Stability Board created the Task Force on Climate-related Financial Disclosures (TCFD) to improve and increase reporting of climate-related financial information to develop consistent climate-related financial disclosures for use by companies, banks and investors in providing information to stakeholders.
Upstream Scope 3 emissions	Indirect GHG emissions from purchased or acquired goods and services. Examples of upstream Scope 3 emissions sources are: business travel by means not owned or controlled by an organisation, waste disposal and purchased goods and services.
Value chain	In this document, the term 'value chain' refers to all of the upstream and downstream activities associated with the operations of the reporting company, including the use of sold products by consumers and the end-of-life treatment of sold products after consumer use.