



A WORLD FOR TRAVEL NIMES SUMMIT

Call to Action

Co-designed based on October 2022 summit sessions

Nîmes, October 2022

In partnership with





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A. CLIMATE ACTION OVERVIEW

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The 'Paris Agreement' calls for limiting global average temperature increase to below 2°C – This requires fundamental change

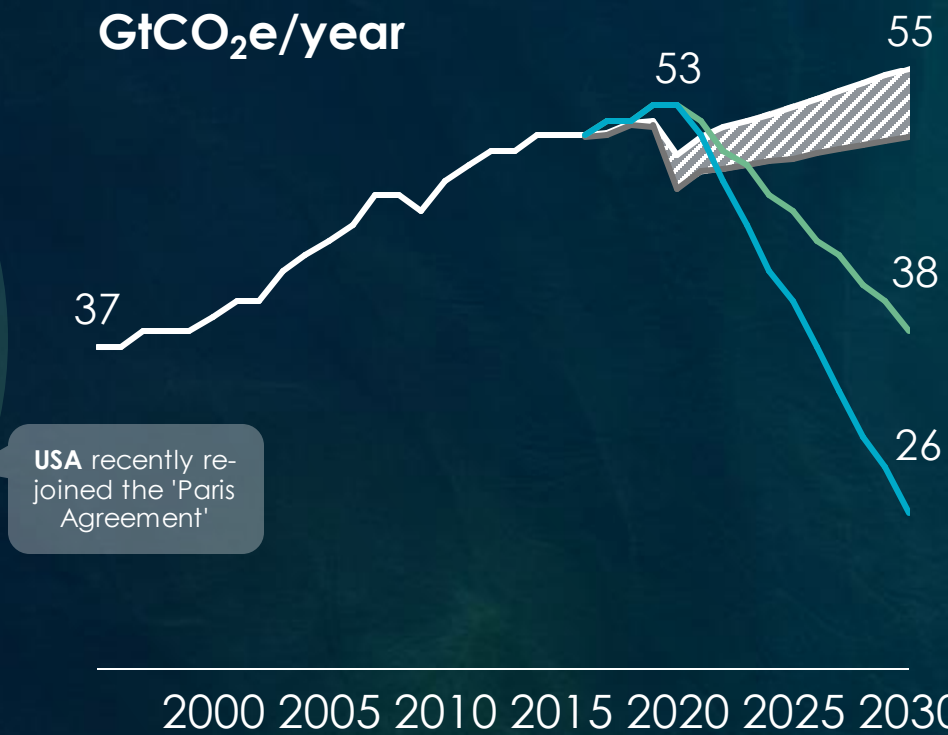
The 'Paris Agreement'

194 countries¹⁾ signed the agreement






ICAO²⁾ Member States have adopted a Long term global aspirational goal (LTAG) to align with Paris agreement on net zero objective

Oct-2022



USA recently re-joined the 'Paris Agreement'

-  **Current policy projections** would lead to significant increase in global warming
-  The '**Paris Agreement**' aims at limiting the increase of global average temperature to **well below 2.0°C** compared to pre-industrial levels
-  The vision calls for a limit in the increase to **1.5°C**

1) As of January 2021, 194 states and the European Union (EU) signed the agreement, of which 189 states and the EU either ratified or acceded to the agreement
2) International Civil Aviation organization

Across all sectors, companies declare sustainability is a top priority, driven by both internal and external factors

Drivers for sustainability focused strategies

1 Regulatory compliance



Fulfilling legal requirements and pro-actively **anticipating** upcoming **regulations** (avoid penalty fees)



CO₂ and GHG emission regulation becomes tighter year by year in almost any country



All major European regulations regarding travel – outlawing short-haul, reduces cruising speed, and new norms

2 Investor & risk mitigation



Investors, bankers & insurers are less eager to be **exposed to fossil-based assets**



BlackRock announced **disinvestments** in companies with **sustainability-related risks**



European investment bank is to stop funding oil, gas and coal projects at the end of 2021

3 Consumers' & large clients' expectations



Large **clients** want to reduce value chain **carbon footprint**, **customers** want **sustainable low carbon** products / services



71% of travelers are ready to make more efforts in favor of **sustainability** for their next vacations



Leading corporates across various industries **drive sustainability** and raise the bar – e.g., Lufthansa green compensation

4 Conviction



Preserving environment, developing society and being a **responsible corporate citizen**



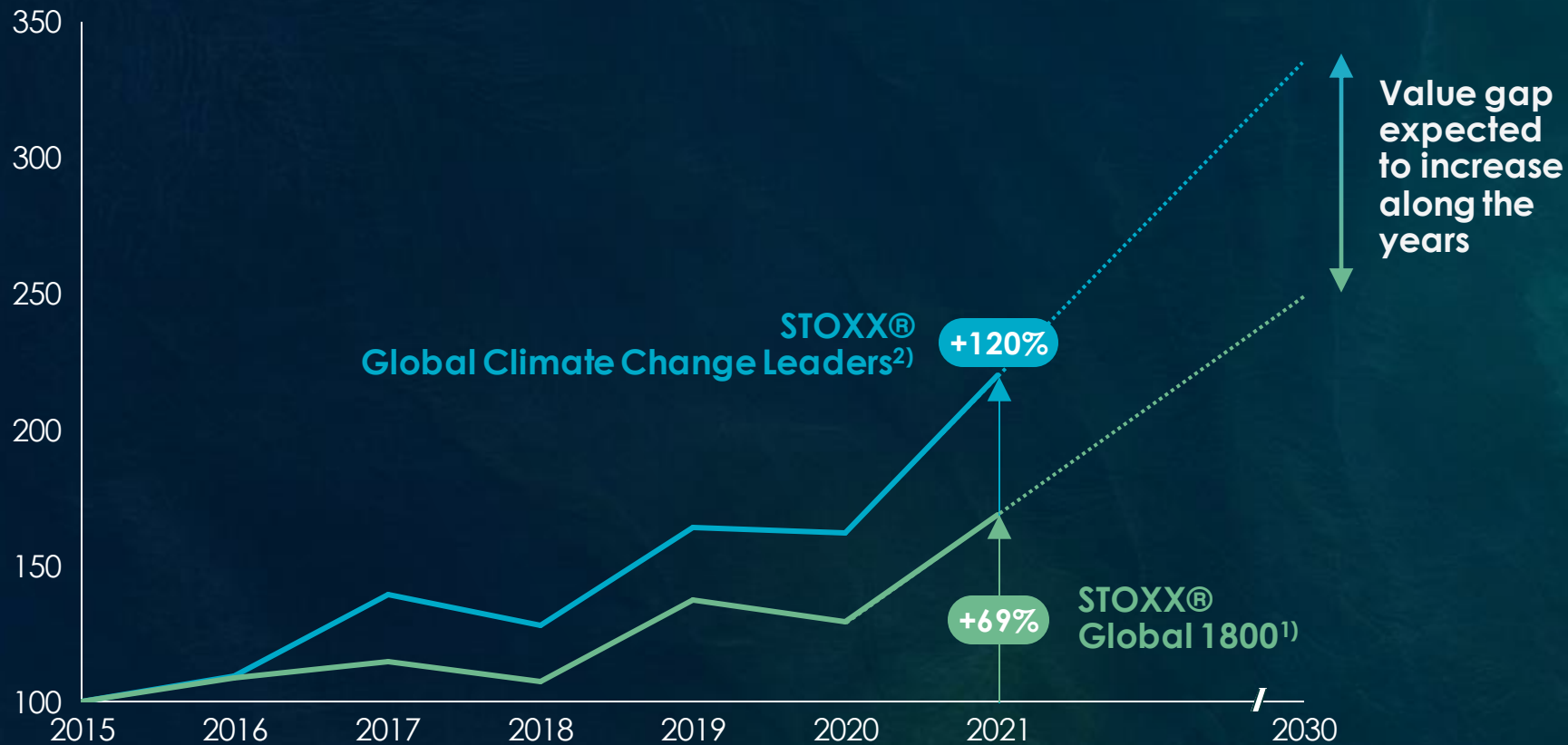
Following the **World Tourism Organization** commitment in favor of "clean, sustainable tourism"



Purpose: "to achieve a more **sustainable and inclusive world for all**"
Sustainable Hospitality Alliance

Climate action pays off – Companies that lead in combating climate change already have better market performance

Indexes trend (base 100) of companies leading on climate change vs overall



● % change 2015-2021

1) Representation of the world's most developed markets with a fixed number of 1,800 components, 2) Based on the CDP "A list" database (also Climate Performance Leadership list), includes carbon leaders who are publicly committed to reducing their carbon footprint

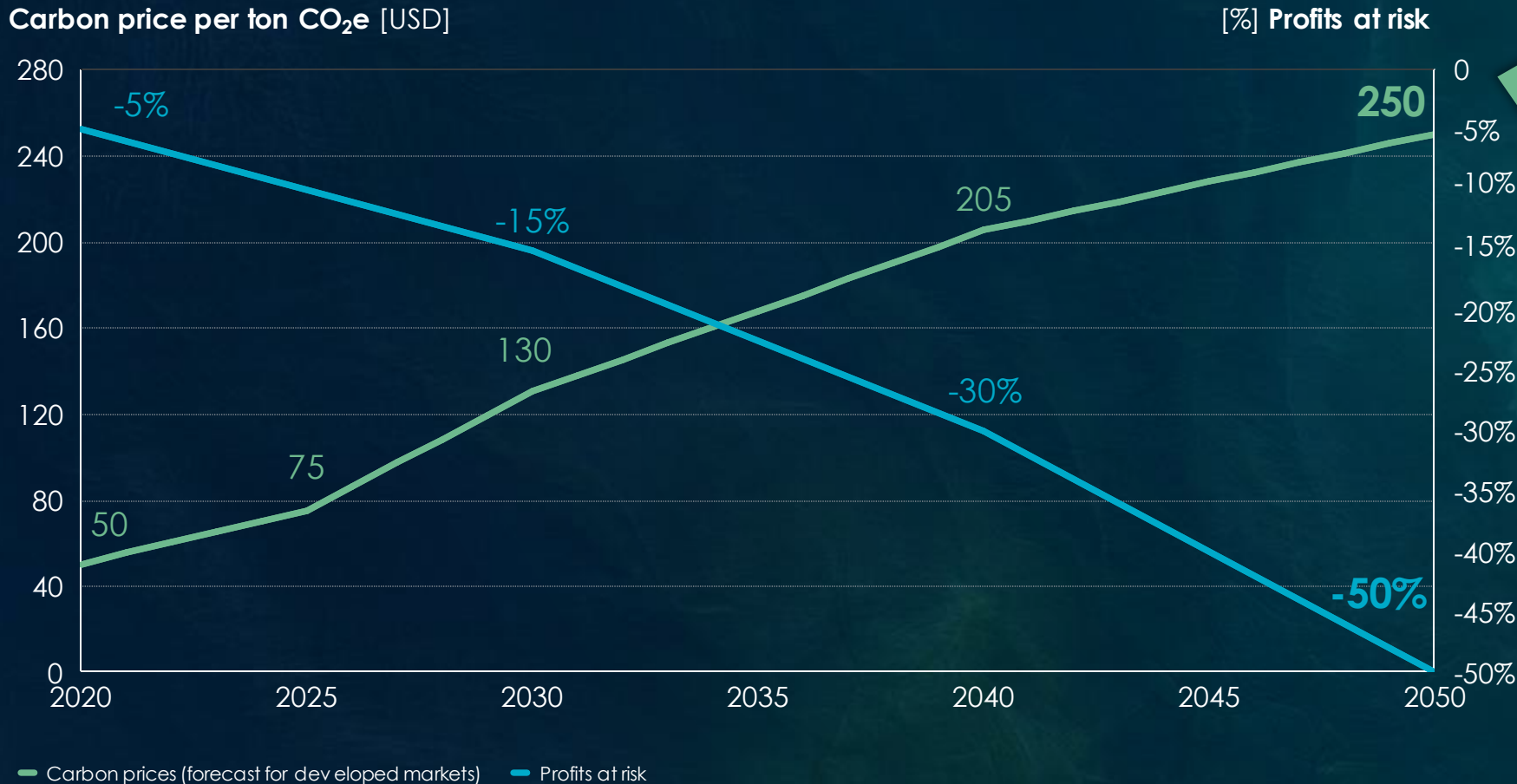
Further insights



- Global Climate Change Leaders **performances have seen +120%** market valuation over last 6 years
- Performance is currently almost **double those not dedicated** to climate action
- **Value gap** shows constantly **increasing trend in the future**

Countries struggle to reach net-zero pathway and politicians are planning to enforce emission reductions, bringing risk to businesses and profits

Carbon price per ton CO₂ emissions and profits at risk [USD; %]



Carbon certificates increase financial pressure on businesses, thus enforcing reduction of emissions
– Carbon prices are expected to skyrocket...

By 2050, company profits are expected to be at risk due to carbon price
– Some industries will be hit harder than others, such as the transportation industry...

Investors' expectations rise towards companies' sustainability – Public reporting is precondition to tap into equity/debt capital

Politics & finance are pushing towards a sustainable future



*Saving our planet, lifting people out of poverty, advancing economic growth... these are one and the same fight. We must **connect the dots** between climate change, water scarcity, energy shortages, global health, food security and women's empowerment. **Solutions to one problem must be solutions for all.***
Ban Ki-Moon, Eighth Secretary-General of the United Nations



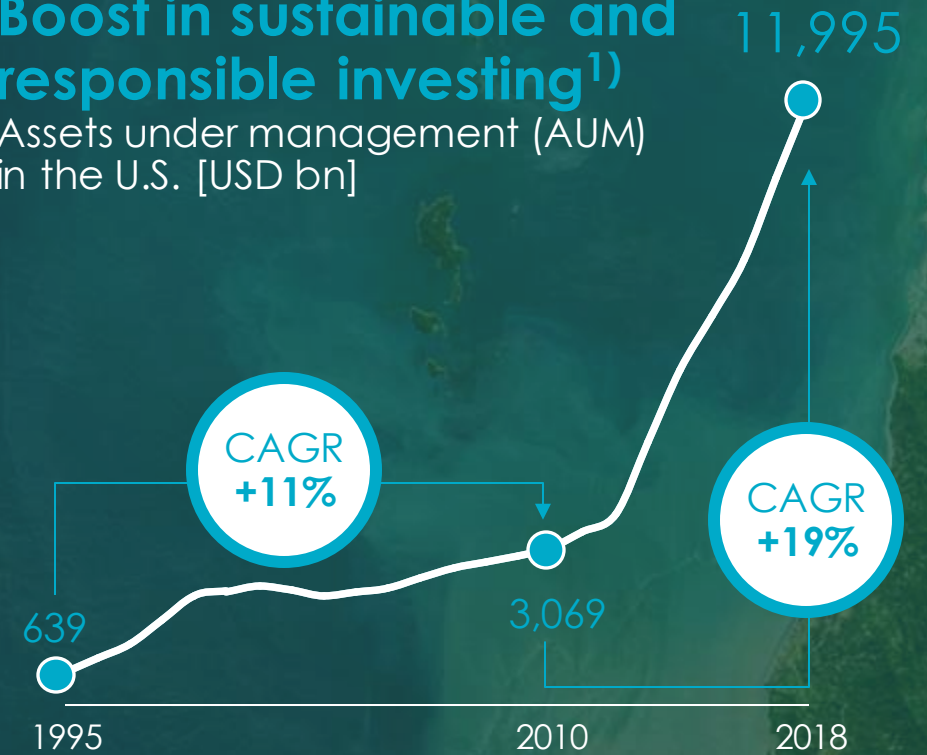
*I intend to put forward a **strategy for green financing** and a **Sustainable Europe Investment Plan**. [...] The Sustainable Europe Investment Plan will support €1 trillion of investment over the next decade in every corner of the EU.*
Ursula von der Leyen, President of the European Commission



*The commitments we are making today reflect our conviction that **all investors** [...] **must seriously consider sustainability** in their investments.*
Larry Fink, CEO BlackRock

Boost in sustainable and responsible investing¹⁾

Assets under management (AUM) in the U.S. [USD bn]

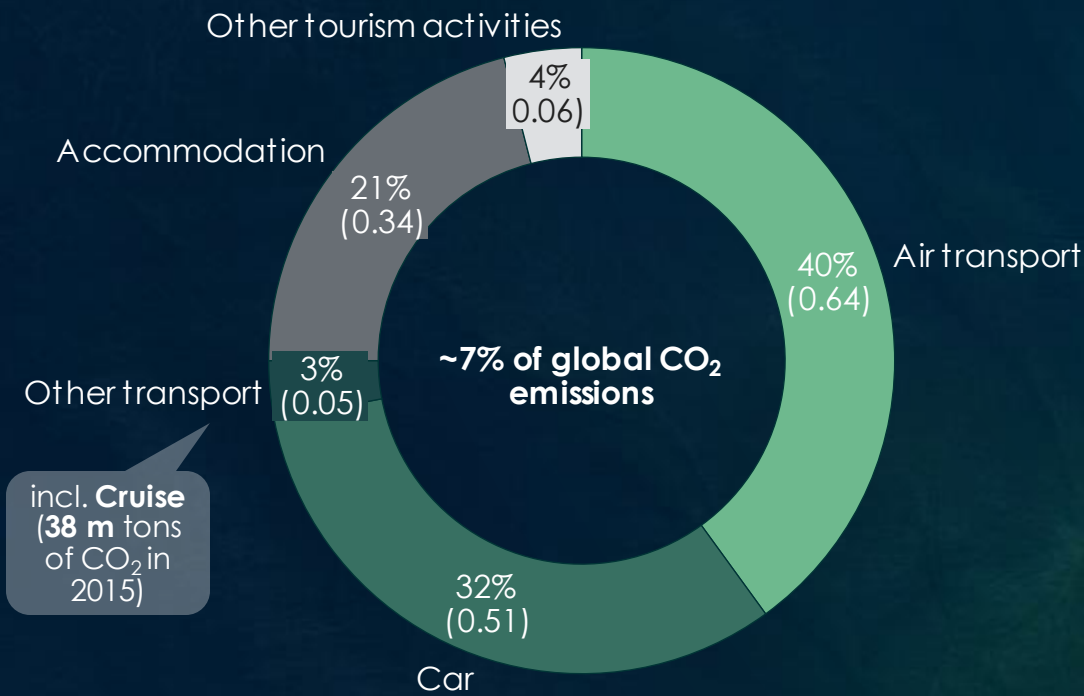


1) This includes assets whose managers apply various ESG criteria in their investment analysis and portfolio selection as well as assets held by institutional investors or money managers that filed or co-filed shareholder resolutions on ESG issues

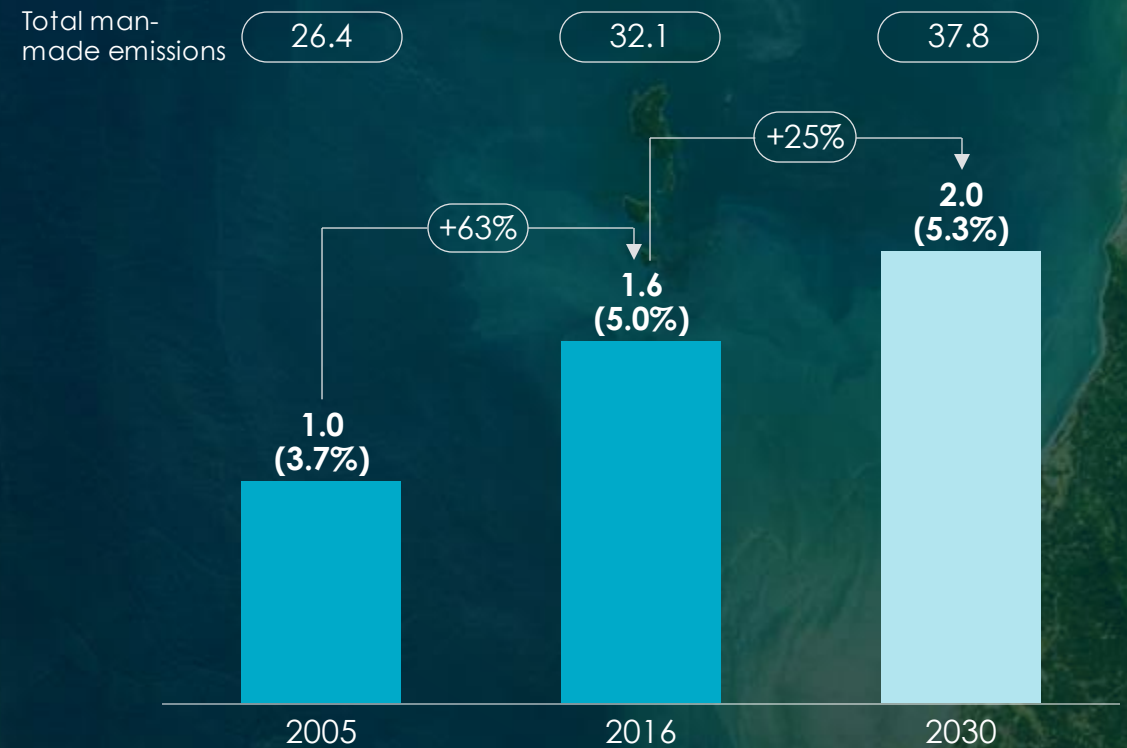
Against current ambitions, travel CO₂ emissions – accounting for ~5% of global CO₂ emissions – are expected to increase by +25% between 2016 and 2030

Travel CO₂ global footprint (2005-2030)

Travel CO₂ emissions breakdown [2016 estimate; %; GtCO₂]



Travel-related transport emissions [GtCO₂; % of all man-made emissions]



Indeed, travel's overall impact on the environment, mainly due to aviation, remains high

Key facts on travel impact (latest available data)



~2.6% Share of global CO₂ emissions

~2 x Airline contrails' contribution to global warming multiple, compared to CO₂ (non-CO₂ effects: nitrogen oxides, water vapor, soot and black carbon)



~0.2% Share of global CO₂ emissions

~30 m Number of passengers pre-Covid-19

~320 Number of cruise ships in the world



~1.4% Share of global CO₂ emissions

18% Share of food bought by hospitality and food service wasted annually

8 x More water used by tourism than local population in some locations



B.

OUR FIVE COMMITMENTS TO ACTION

In partnership with

Five urgent actions for multiple stakeholders have been identified

OUR 5 COMMITMENTS TO ACTION

1

Collaborate within industries, across industries and between public & private entities

2

Offer and commit to **carbon reduction and compensation plans** for every sector

3

Increase people's **engagement** towards limiting their **individual negative environmental impact**

4

Prioritize **investment** to develop sustainable travel

5

Improve social impact & leverage human resources adequately

Accelerating collaboration – especially across sectors – has become an imperative for the travel industry to do more on sustainability

Commitment #1: Collaboration as a transversal pillar to all other commitments



Every sector can do much more to reduce and compensate for carbon emissions

Commitment #2: Offer and commit to carbon reduction and compensation plans for every sector

Governments & regulatory bodies

- 1

Monitor

 - Define **common standards to measure and report CO₂ emissions** in each industry
 - Define the **data to be consolidated** to monitor decarbonation & offsetting
 - Promote a **restricted number of labels** to avoid consumer confusion due to overload

- 2

Compel

 - Convert **Net Zero recommendations into legal obligations for companies** (e.g. carbon tax)
 - Impose **specific standards in the construction of new buildings**

- 3

Regulate

 - Accelerate **replacement of highly polluting travel modes** (e.g. short-haul air routes; heavy fuel-powered cruise ships) through regulation

- 4

Subsidize

 - Fund the **development of sustainable networks** (e.g. installation of electric charging stations on the road)

Companies

- 1

Improve operations

 - Develop **carbon compensation** plans
 - Introduce **energy management systems** (automatic LED lighting, self-adjusting thermostat, etc.)
 - Use **water management systems** (regulators, low-flow dispensers)
 - Implement **sustainable sourcing** (e.g. food, sheets' cotton, etc.)
 - **Measure & reduce waste** (e.g. food, toiletry)
 - **Eliminate plastics & reduce packaging**

Aviation	Cruise	Hospitality
<ul style="list-style-type: none"> • Use routing optimization tools • Implement piloting assistance 	<ul style="list-style-type: none"> • Optimize itinerary planning 	<ul style="list-style-type: none"> • Introduce transport alternatives (e.g. shared mobility services)

- 2

Use alternative energy

 - Deploy **SAF (sustainable aviation fuel)**
 - **Decarbonise airport** energy supply

<ul style="list-style-type: none"> • Deploy LNG (liquefied biomethane) • Transition to battery systems/ fuel cells • Develop hybridity 	<ul style="list-style-type: none"> • Produce own 0-emission energy (e.g. photovoltaic) • Purchase 0-emission energy
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- 3

Improve existing infrastructure

 - Maintain & **optimize fleet**

<ul style="list-style-type: none"> • Install shore-side power infrastructure in all ports 	<ul style="list-style-type: none"> • Improve building thermal performance • Enhance building control (leaks, etc.)
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- 4

Develop new technologies

 - Develop more **sustainable aircraft**
 - Develop **electric & hydrogen propulsion**

<ul style="list-style-type: none"> • Design ships for greater efficiency • Develop Shore Power Technology 	<ul style="list-style-type: none"> • Design sustainable buildings
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Of late, many concrete actions have been undertaken by private travel companies towards sustainability and curbing carbon dioxide emissions

Examples of carbon compensation and reduction corporate actions



Energy renovation



- **56+** Radisson properties running **100%** on renewable **electricity** in 2021
- **500+** **electric cars charging stations** installed in 2021
- Move to renewable energy in 2022 in **South Africa** (14 buildings): rooftop solar panels, energy-saving minibars, etc.

Ecodesign



- Reflection on the **entire life cycle of a building**
- Joe&Joe Paris opening in 2019: first building to receive **BBCA label** certifying an **exemplary carbon footprint**: wooden recyclable structure, geothermal heating, rainwater collection, energy regeneration elevator technology, etc.

AI & Machine learning



- Announcement of a new partnership with **fuel efficiency solutions provider SkyBreathe®**, which uses Big Data, AI & Machine Learning to analyze flights data
- It provides provides a series of recommended actions that can reduce the total fuel consumption by up to **5%**

Piloting assistance



- **Implementation of Airbus new systems** - the "Descent Profile Optimization" (DPO) and the "Continuous Descent Approach" (CDA) - which allow the aircraft to descend from cruising altitude using idle engine speed, thus reducing CO₂, NOx and noise emissions



Accountability



- **Compensation** of IAG's top 60 executives **linked to certain sustainability metrics**
- Created by a newly-created board sub-committee that focuses on sustainability goals

Carbon compensation



- When booking, **Lufthansa offers its customers the opportunity to offset the flight's CO₂ emissions** by contributing to climate protection projects or using sustainable aviation fuel
- Lufthansa aims to be CO₂ neutral by 2050



LNG-fueled ships



- **Launch of the first high-polar exploration vessel powered by LNG** (liquefied natural gas), Le Commandant Charcot, in 2021
- Ponant is now developing an eco-designed cruise ship concept that will have no impact on the environment when sailing

Shore power



- **31% of the fleet equipped with shore power connection**, ships being connected in port to onshore power supplies that provide electricity for on-board services, allowing diesel generators to be switched off.
- **Addition to +5 more ships in progress**

Policy makers have implemented a wide variety of support mechanisms to help travel sector become more sustainable

Examples of state-initiated carbon compensation and reduction policies



Carbon compensation plan in Costa Rica

- Launch of a first-of-its-kind **carbon footprint calculator** that **encourages tourists to offset their emissions** from air and land travel
- Developed by the National Forestry Financing Fund (Fonafifo) with support from the Costa Rican Institute of Tourism (ICT)

- **1.3 million hectares of forest** recovered
- **8 million trees** planted
- **Only country** in Central America whose forests have increased over this century



Deutsche-Bahn EUR 9 unlimited ticket, 2022

- **State initiative** – in collaboration with **Deutsche Bahn** – to offer **summer 2022 tickets at EUR 9/month** to travel throughout Germany

- Real success with **52+ million tickets sold**
- **20% increase of travel** in Germany compared to previous period
- **2x travel volume in rural areas** within first 2-months, compared to 2019
- **1.8+ mtCO₂ saved**

Millennials and Gen Zers are the most important upcoming target groups – They define sustainability as an important purchasing criterion

Social pressure reflected in changing consumer behavior

Activism & social pressure



'Our house is on fire'

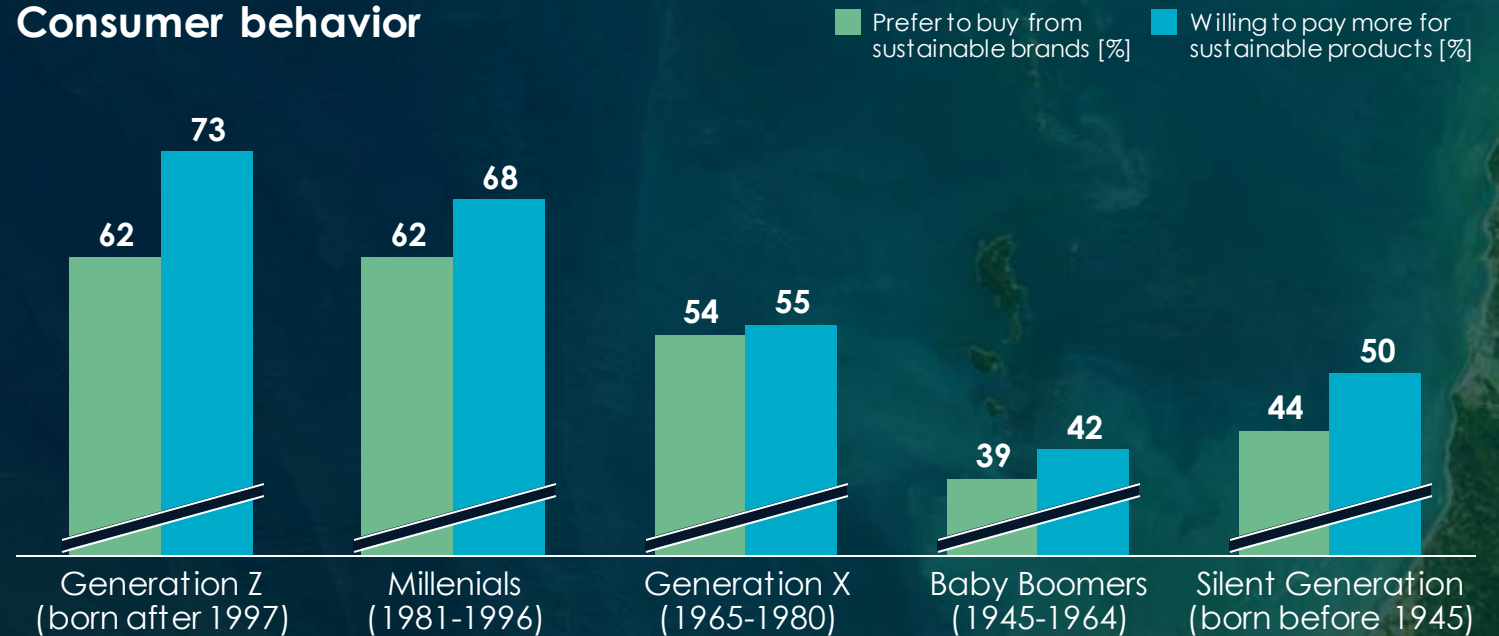


Greta Thunberg, 16, urges leaders to act on climate at World Economic Forum, 2019



Protesters march to demand action against global climate change in Barcelona

Consumer behavior



- Social pressure also reflected in a **generational shift** in value of sustainability in consumer behavior
- Young generations are **willing to pay more** for sustainable products

Travelers say they are more committed than ever to sustainability with ~71% ready to make more effort, but easy access to information must be improved

Travelers opinions and declarations



Regulatory bodies & companies have a critical role to play in shifting and increasing engagement towards limiting individual environmental impact

Commitment #3: Increase people's engagement towards limiting their individual negative environmental impact

Governments & regulatory bodies

- 1

Inform

 - **Communicate on & factualize carbon impact** (e.g.. launch a carbon footprint calculator for tourists)
 - **Leverage social media to promote travel best practices** (e.g.. Tiktok, Instagram)
 - Develop applications to **deliver a Code of Conduct to protect biodiversity** in an educative way

- 2

Protect

 - **Protect overexposed areas & limit capacity for vulnerable destinations**
 - **Encourage conservation practices** (e.g.. organize large-scale plastic collection campaigns)

- 3

Promote

 - **Promote lesser known/ emerging destinations to avoid overtourism** (e.g.. publicly highlight sustainable destinations with competitions, guides, labels)
 - **Reference slow-travel service providers** based on acknowledged labels

- 4

Dissuade & Incentivize

 - **Encourage people to use alternatives to airplanes/car travel** (e.g.. offer discounts on railway services, grand bonuses on electrical car purchases)
 - **Set dissuasive regulation** (e.g.. tax on flight bookings increasing with the number of flights taken per year)

Companies

- 1

Communicate & be transparent

 - **Provide tourists with individual carbon consumption metrics**
 - **Highlight sustainable initiatives** taken by the company

- 2

Encourage action

 - **Encourage travellers to offset their carbon emissions** (e.g.. set carbon offsetting option as an opt-out rather than an opt-in on websites)
 - **Encourage individual best practices** (sparing water, turning off lights, reducing food waste, etc.)

- 3

Adjust offering

 - **Offer multimodal solutions to travellers**, highlighting best alternative in terms of carbon impact
 - **Adjust length of proposed trips** to limit overtourism (e.g.. competitive prices on longer stays, bundles)
 - **Reduce high carbon footprint elements in the offer** (e.g.. eliminate meat in menus)

As a new sense of responsibility emerges among consumers, many sustainable habit examples appear

Responsible travelers' habits examples



Swedish flygskam – flight shame

- **Anti-flying movement** born in Sweden & gathering pace in Europe
- Ambition to **influence future policies**, raise **awareness at an individual level** & **reduce unsustainable activities** regarding travel and leisure

650

High-level academics supporting a flight reduction campaign

80%

International reduction rate of aviation transport when a high-speed train line open on the same route

- **23% Swedes' air travel reduction**
- **Movement spread in many different countries** – UK's flight-free campaign, short-haul flights ban in France, eco-taxes, etc.



The German way to responsibility

- **Initiatives to fulfill tourists' desire for responsibility at local and national level**, publicly **highlighting sustainable destinations** (competitions, guides, labels) & **adapting offers** to most committed tourists ("green city cards", transport offers, development of eco-travel at local level)

- **42% increase in >30 km train travels** in the country in 2022 vs. 2019
- **104% increase of travel volume in rural areas** in 2022 vs. 2019

Stakeholders play an important role both by investing directly in sustainable solutions and by guiding external investments

Commitment #4: Prioritize investment to develop sustainable travel

Governments & regulatory bodies

- 1

Invest

 - **Create a budget/ a fund dedicated to travel**
 - **Invest in sustainable travel segments** (e.g., high-speed railway routes, multimodality, etc.)

- 2

Incentivize & regulate

 - **Implement fiscal measures to encourage R&D** (e.g., Research tax credit)
 - **Create new favorable accounting norms** for ESG investments (e.g., green energy surcharge reduction)

- 3

Showcase new initiatives

 - Invest to create **labels, norms** for the travel industry to get an holistic view on innovation

Companies

- 1

Invest

 - **Invest in lower carbon energy** (e.g., SAF for aviation, LNG for cruise, renewable energies for hospitality)
 - **Invest in current infrastructure improvements** (e.g., improve buildings' energy efficiency)
 - **Accelerate research into new technologies** (e.g., hydrogen propulsion)

- 2

Develop new standards & business models

 - **Create new financial tools** (e.g., transition bonds)
 - Adapt **business models** (e.g., create new sustainable hospitality offers and services)
 - **Have processes certified by independent third parties** to give confidence to all actors including customers

- 3

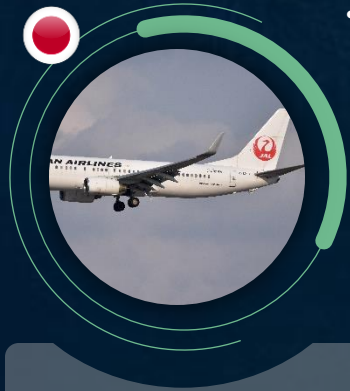
Incentivize management & shareholders

 - Include concrete and quantified ESG objectives in **management bonus calculation**
 - Use **Long-Term Incentive (LTI)** programs to incentivize investors

Sustainable travel is fueled by green investments – e.g.. Transition Bonds for airlines, LNG cruising vessels fleets, topography-led hospitality development

Green investments initiatives around the world

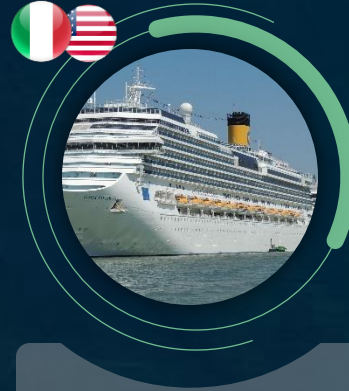
JAL Transition Bonds



- **World's first issuance of Transition Bonds** in the whole aviation industry by Japan Airlines ("JAL") in 2022 in order to align with Paris Agreement's goals

- **JPY 10 bn issued – 1st time in the industry**
- **Innovation on CO₂ reduction and SAF**
- Development of a **fuel-efficient aircrafts fleet**

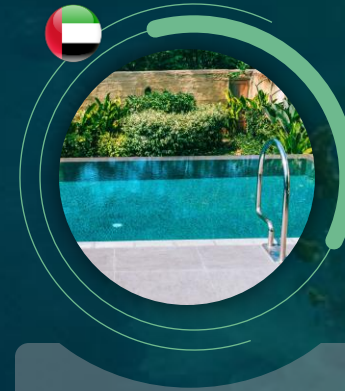
Carnival shift to LNG¹⁾



- **Heavy investments in LNG** by Costa Group, an Italian-based subsidiary of Carnival Corporation, as the whole industry is changing
- Ambition to align the industry with the needs of sustainability & **release the pressure on the industry's players** (demonstrations, bans, etc.)

- **25% in CO₂ reduction** for a vessel with LNG compared with diesel
- **EUR 20 bn invested** at industry-level for cleaner ships

The Emirati initiative



- Announcement of a **sustainable development initiative** in 2021 by Ras al Khaimah, an emirate of the United Arab Emirates
- Ambition to **create a new visual identity for regional travel** – with focus on natural topography and diversity rather than on luxury services – & develop an eco-principled hospitality industry

- **USD 136 m invested in the sustainable tourism plan**
- **20 sustainable initiatives considered across the emirate**

1) Liquefied Natural Gas

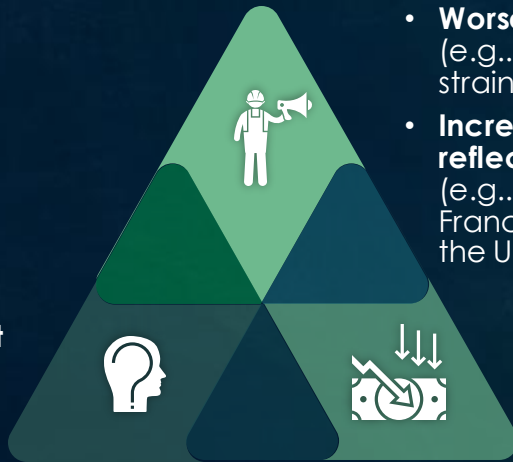
Travel industry faces huge social challenges, going from employee dissatisfaction to negative impact on local communities

Social challenges in travel

Challenges start with employees...

Loss of sense of purpose at work

- Unexplained or Low development opportunities
- Poor flexibility (part-time job offers, working from home, etc.)



Poor working conditions

- Issues of mistreatments
- Worsening working conditions (e.g.. 2022 airport crisis putting strain on remaining staff)
- Increasing number of strikes reflecting workers dissatisfaction (e.g.. rail strike action in the UK & France, call for strikes in airports in the US, Belgium & Spain in 2022)

Unattractive pay & job vulnerability

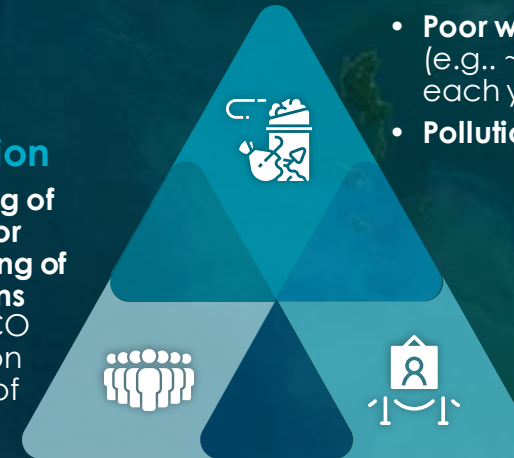
- Less advantageous employment terms and contracts (e.g.. with low-cost airline business model)

As a result, industry currently suffers from **heavy staff shortages** (in 2020, 62 m travel jobs were lost globally, representing a drop of 18.5%)

... and go on to local communities

Uniformization

- Disappearing of cultures, poor understanding of local customs (e.g.. UNESCO case study on the impact of tourism on Vietnamese culture)



Damages due to overtourism

- Poor waste management (e.g.. ~3000kg found each year in Mt Everest)
- Pollution of fragile areas

Endangerment of the heritage

- Damaging activities (e.g.. Vince big cruising ships in Venice damaging the city's heritage because of erosion, though cruising industry only represents ~4% local GDP)

Improving social impact and leveraging Human Resources can be done in multiple ways – Management is sustainable first and deploys 360° education

Commitment #5: Improve social impact & leverage Human Resources adequately

Governments & local authorities

1 Educate

- **Launch industry-wide educational programs** (e.g., online MOOC, free programs across schools)
- **Communicate** adequately to **change travel industry jobs' image** (e.g., fund TED talks in Universities)
- **Promote adult education** (career changes, reeducation with focus on digital tools, etc.)
- **Focus on professional insertion** (e.g., immersion training programs for refugees, reinsertion workers)

2 Regulate

- **Adjust minimum wages**
- **Subsidize travel companies in need** in order to ensure job maintenance & payment of wages
- Develop a **regulatory framework for new ways of work** (remote work, digital nomads, etc.)

3 Engage local communities

- **Recruit local communities** (e.g., as tour guides for culture transmission)
- **Engage local communities in the planning process & co-design sustainability goals** (e.g., a committee composed of delegates on a voluntary basis)
- **Promote cultural heritage** (e.g., school programs to learn local dialects)

Companies

1 Attract

- **Change travel industry jobs' image** through communication (e.g., University classes, social media)
- Offer **attractive compensation**
- **Adapt contracts to new generation's needs** (part-time & remote work, flexibility in working hours, digital nomads, etc.)
- Think about **recruiting from local communities**

2 Retain

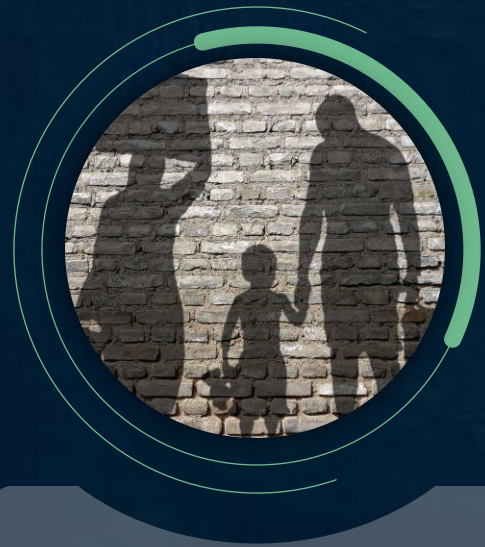
- **Build trust** by creating a **pleasant, respectful working environment &** provide employees with all necessary tools
- Communicate about **career pathing & create attractive promotions**
- Give a **sense of purpose to employees' work** by **engaging** them in **sustainability plans, actions & decisions**

3 Train/Educate

- **Create adequate training programs, including on sustainability**
- Provide long-term training, straight after graduation, to attract, retain and engage young people (e.g., **Graduate Programs**)

As new social & environmental challenges arise, new social impact initiatives are being taken

Social impact initiatives around the world



Platform helping refugees get access to hospitality jobs

- **Platform Hospitality Unite** launched in Oct-22, aiming at **supporting refugees** and their families **getting access to hospitality job opportunities**, backed by Sustainable Hospitality Alliance
- Platform providing a **centralized space** for hotel brands to **post job opportunities**, and a simple online system for refugees to apply and interview for roles while in transit

- Initiated as a pilot for **Ukrainian refugees**
- **Jobs from leading brands** including Radisson Hotels Group, Accor and IHG Hotels & Resorts have **already been posted** on the platform



Ecotourism project including local communities in Mexico

- Mexican Civil Council for Sustainable Forestry launched an ecotourism experiment in the Amanalco-Valle de Bravo region
- **Ambition to preserve 35 000 hectares of forest preserved** with activities focusing on the wildlife; ambition **to involve** indigenous communities as **tour guides and keepers** of traditional cultures, as well as **create jobs**

- **60 permanent jobs** created
- **40 days per tourism worker** dedicated to **forest preservation in a year**

Finally, the trend towards action is appearing

Journey to ESG success



Let's stop talking – Just Do It!



Cross-sector collaboration

Break the silos

- associations, governments, companies,
- Management mindshift



Strong States / UN / regulatory body support

UNDRR, UNWTO, WTC, ICAO, IMO, IATA, Sustainable Hospitality Alliance, etc.



Clear and coordinated communication

Raise awareness

Educate, maximize use of technology among shareholders, staff, clients, media



Investments made at scale

Create global financing vehicles (e.g.. funds),
Expand the definition of travel investment



Systematic measure & reporting

Reach a consensus

Measuring tools & metrics, data collection, KPIs for progress tracking

LET'S CREATE IMPACT

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