Travel & Tourism 2015
CONNECTING GLOBAL CLIMATE ACTION
EXECUTIVE SUMMARY
INTRODUCTION

Travel & Tourism continues to be one of the world’s largest and fastest growing industry sectors, creating jobs, supporting livelihoods and economic activity, and connecting people around the globe.

In 2014 there were 1.2 billion international arrivals and Travel & Tourism which supported 9.8% of the world’s GDP, and 1 in 11 jobs. Off the back of 23.9% growth in the past decade1, Travel & Tourism is forecast to grow a further 3.8% per year over the next ten years. By 2030, the UN World Tourism Organisation is estimating 1.8 billion international travellers annually and as well, there will be billions more domestic travellers.

With such robust growth, Travel & Tourism’s relationship to climate change becomes critical.

The Intergovernmental Panel on Climate Change’s (IPCC) Fifth Assessment Report, released in 2014, contained the strongest language to date with an “unequivocal” warning of “severe, pervasive and irreversible impacts for people of ecosystems” from climate change. To avoid catastrophic climate change impacts, the IPCC has defined a scenario where global temperatures do not exceed 2°C Celsius above pre-industrial temperatures. All industry sectors, including Travel & Tourism will have to play its role in achieving this.

Travel & Tourism is committed to taking on this challenge and is working on its transition to a long-term vision – one where we can not only decouple our own development from carbon emissions, but also serve as a platform to catalyse low carbon solutions.

In 2009, The World Travel & Tourism Council (WTTC) published Leading the Challenge on Climate Change, where we identified key themes and action areas required in order to meet the target of reducing our 2035 carbon emissions by 50% based on 2005 levels. Now six years on, and in the run up to the COP21 climate change talks in Paris at the end of this year, we review progress against this target to determine how we can build on this progress to respond effectively to the challenges of the future.

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1 The basis of this calculation is Travel & Tourism GDP in 2014 constant prices
INDUSTRY ACTION

The initiatives and progress made to date have reduced carbon emissions to the point where WTTC Member companies are 20% less carbon-intensive now than they were in 2005, closely approaching our interim target of 25% intensity reduction in 2020. Per passenger, per room, per GDS transaction, and per dollar of revenue, we serve global travellers more efficiently, and these efficiency gains carry forth in future tourism growth to contribute to the long-term goal. The progress in carbon intensity can be attributed to several actions across each of the themes identified in 2009.

ACCOUNTABILITY AND RESPONSIBILITY

We have made the most progress against this theme, particularly in admitting to the challenge of tackling climate change and setting out plans to address and measure it. Various methodologies for calculating and measuring carbon usage have been developed and more and more companies are engaging with global frameworks for environmental, social and governance (ESG) reporting such as GRI and CDP.

LOCAL COMMUNITY SUSTAINABLE GROWTH AND CAPACITY BUILDING

All WTTC members actively demonstrate on-the-ground action in the form of community engagement, charitable contributions, disaster relief, or conservation efforts. Several WTTC Member programmes address deforestation in particular, while others focus on wider biodiversity protection such as preserving coral reefs, hosting bee colonies on rooftops, managing waste, or ensuring sustainable sourcing.

EDUCATING CUSTOMERS AND STAKEHOLDERS

Most Travel & Tourism companies now have branded sustainability programs, and these often include customer engagement programs (towel reuse, conservation programmes, and charitable giving options). Indeed, sustainable options are now the norm within the sector.

GREENING SUPPLY CHAINS

Most WTTC members now have formidable supplier screening and supply chain engagement programs and have developed practical tools to help procurement from local small and medium-sized enterprises (SMEs) as part of this. Collectively, the sector has begun to leverage its influence to support suppliers to tackle climate change, taking a stance on important issues (including shark fin soup bans, sustainable wood/paper procurement, use of recycled products for uniforms and other products).

INNOVATION, CAPITAL INVESTMENT AND INFRASTRUCTURE

Similar to ESG reporting being the primary step towards accountability and responsibility now, so were the use of operational environmental management systems and green certification schemes our focus in 2009. Now, immense progress has been made in renovating and equipping new projects with solutions for increased energy efficiency. Environment management systems such as ISO14001, are present across many cruise lines and airlines, and some hotels which are also testing ISO50001 for energy management. Most WTTC Member companies have achieved green certification of some type.

The past decade served to build awareness and understand the relationship of climate change across Travel & Tourism’s value chain. The next decade’s actions will determine the approach for our sector’s role in global climate action. The potential for Travel & Tourism is immense, connecting the globe in a future scenario that integrates travel experiences with the low carbon economy, from its facility and transportation infrastructure, across its value chain and even to attractions and travel experiences.
Sustainable development is a journey, and sustainability within Travel & Tourism is a part of this. In 2009 we set forth an aspirational goal of halving sector carbon emissions by 2035. Six years in, we have succeeded with some quick wins and emissions intensity reduction and now turn our sights toward the longer term vision of what tourism will represent in 2035, and the role Travel & Tourism will play in connecting the planet with a common challenge.

The pace of global change — both in and outside Travel & Tourism — is dizzying and shows no signs of slowing down. Much has evolved and progressed since we put forth our key themes and action items in 2009. New trends have emerged which we can use to shape our sector’s priorities — and quantify our progress — for the coming decade.

Our ultimate trajectory will be influenced by global climate agreements and the science basis for our sector’s reductions. We will further refine the priority areas and targets once the COP21 outcomes are clear.

TOWARDS SCIENCE BASED TARGETS
While common measurement exists within industries on a number of issues, limited research or collaboration has been undertaken to assess Travel & Tourism’s collective environmental footprint and shift since 2009. Global travel growth has outpaced overall global economic growth, and new companies continue to enter the sector across the globe. Despite the major strides companies have made to reduce their emissions, Travel & Tourism’s footprint has likely increased and the challenge remains to accurately quantify its footprint and achieve significant reductions.

While we laud the successes of our sector in past years in both business growth and efficiency in carbon output, going forward, businesses, including Travel & Tourism, will have to align strategies with this IPCC “2° scenario”. In economic terms, the “2° scenario” indicates that globally, CO2 emissions per dollar of GDP will need to be reduced by 85% by 2050.

Moving forward, we will align targets with the realities of the scale of efforts needed, and base them on the science of the IPCC Report.

LESS ABOUT MEASUREMENT, MORE ABOUT MANAGEMENT
While the science-based target forms an overarching performance indicator for the planet, the focus of quantifying footprints across the Travel & Tourism supply chain is now less about measuring for the sake of it, and placing more effort where climate change drivers are clearly found.

Travel & Tourism procures from thousands of suppliers. Prioritising a handful of commonly procured items associated with deforestation can drive transformation and combat climate change. This will be part of a broader approach of strategic initiatives centring on sustainable supply chain management, and in not procuring materials linked to deforestation or which are carbon intense.

FROM COMMUNICATION TO COLLABORATION
The sector has progressed significantly in communicating its efforts, however scepticism of greenwashing is still a risk and efforts are needed to validate and correct messaging about sustainable choices specific to the traveller. Travel & Tourism also needs to work credibly to illustrate the collective efforts of our sector.

Travel & Tourism is moving from building awareness of climate change issues, to engaging in dialogue about the topic across the wide range of stakeholders. Many of the solutions coming to market today are a result of collaboration only enabled through stakeholder dialogue, and the next themes are inherently collaborative.

FROM PROTECTING FORESTS TO VALUING ECOSYSTEMS AND NATURAL CAPITAL
Though still part of the equation, forests and other elements of biodiversity are now better understood for their complexity in the planet’s ecosystem. Marine health also plays an important role in climate regulation. Frameworks such as the Millennium Ecosystem Assessment’s Ecosystem Services and concept of Natural Capital, are now more integrated into discussions for the wider range of value that the natural environment provides society and business.

Travel & Tourism will continue to enhance its valuation of ecosystems and understanding of the complex linkages across destinations.

FROM TESTING TO SCALING
Increasing renewable energy use is our sector’s primary path for a low carbon future. Our next steps will be to develop a strategic, scaled effort to deploy capital toward renewables.

There is an opportunity to focus much more capital and fees to support the transition to becoming a low carbon sector. Airlines have called for single Market-Based-Measures and convened on solutions and commitments. Similar initiatives will be required for Travel & Tourism to take a leadership role in helping the transition to a low carbon economy and support its own targets.

FROM CARING TO COPING
There has been a dramatic shift in corporate uptake of mainstream sustainability and formal climate change governance. Just as reporting has become common and investor audiences more engaged, so have the actual effects of climate change become apparent. Companies have moved the sector beyond PR statements and philanthropy efforts which showed how much they care about the environment and related social issues. Going forward, companies will quantify results on commitments and demonstrate an enhanced focus on how they are coping with climate risks and impacts, including more rigorous disclosure of programmes and performance of performance.
PRIORITY FROM 2015

WTTC membership has demonstrated its commitment and has made real progress toward the actions put forth since 2009. The progress has shown that solutions certainly exist, yet a gap remains however in adapting to the current challenges of climate change today while continuing to progress toward our long-term goal. Collaboration must continue to keep in pace with the global shifts, and the challenge currently lies on scaling them across the sector.

To help bridge that gap and catalyse the industry we refresh our focus putting forth five priority areas from 2015, and to support our overall target of halving emissions by 2035.

These themes are aimed at this goal of obtaining scale:

1. INTEGRATING CLIMATE CHANGE AND RELATED ISSUES INTO BUSINESS STRATEGY

As a primary step to addressing climate change in business decisions, we will continue the momentum of disclosing climate change issues in mainstream financial reporting, utilising recognised frameworks and collaborating to harmonise the approach for disclosure within our industries. We will spread and enhance these types of disclosures in a broader context of drivers and solutions.

Commitments will stem from securing leadership from board governance and senior executives. Future corporate targets will need to align to the science of the IPCC and its 2°C scenario, and seek absolute reductions.

2. SUPPORTING THE GLOBAL TRANSITION TO A LOW CARBON ECONOMY

With the 2°C science-based target translating to an 85% reduction in CO2 per dollar of global GDP, we will face the challenge ahead of decoupling the immense forecasted growth in Travel & Tourism from an increase in carbon emissions and seek to achieve carbon-neutral growth.

Travel & Tourism companies will join in the leading practice of establishing an internal price of carbon, focus on renewables for new investments, seek low carbon financing mechanisms, contribute to local economies with carbon mitigation, and catalyse the economies of scale to create a virtuous circle.

3. STRENGTHENING LOCAL RESILIENCE

Our sector recognises the value that local natural and cultural heritage has for Travel & Tourism and will enhance the assessment of our operations and forge partnerships to build resilience against climate risks, reducing local drivers of climate change.

We will also increase our support for the initiatives and mechanisms that value biodiversity and target our investment for conservation funding and local community engagement accordingly. As the number of climate-related natural disasters increase, our role in disaster relief is growing and we will further integrate disaster assessment with emergency response, business continuity and disaster recovery plan.

4. PROMOTING THE VALUE OF RESPONSIBLE TRAVEL

With billions of travellers each year, Travel & Tourism truly has the opportunity to connect climate change action to consumers and society through our value chain. We will welcome the millions of new travellers from emerging markets and younger generations by giving them the tools to be responsible travellers, encourage participation in our initiatives, and offer new experiences tied directly to low carbon solutions. We will extend these tools to our business travellers who play an integral role in increasing ESG information from Travel & Tourism companies.

Travel & Tourism can stimulate demand for better approaches and low carbon experiences, collaborating on solutions and stimulating a positive element of competition for companies seeking to be recognised as leaders and innovators.

5. ENGAGING ACROSS THE VALUE CHAIN

Travel & Tourism has an immense value chain when considering the breadth of businesses involved in a traveller’s experience and our reach to every part of the globe. Collectively, the entities involved in generating value for a traveller represent a formidable web for engagement to tackle climate change.

Destinations play an increasingly important role in the goods and services they provide. We now understand and can focus efforts on the biggest opportunities found across the entire value chain to reduce carbon emissions through mechanisms such as supplier screening and local procurement. Furthermore, Travel & Tourism is in a unique position to build consumer awareness of the world’s key supply chain threats by engaging travellers to link the destinations they visit with the issues back home in their own purchasing decisions as consumers and professionals. Incorporating disruptive innovation, such as the sharing economy can also bring solutions for reducing carbon emissions while supporting capacity for the forecasted growth of our sector.

Across all our themes, we now know that the efforts required are inherently collaborative. Engagement and collaboration within the industry and with its key stakeholder groups becomes paramount. Holistic strategies must be developed both industry-wide and locally, inclusive of key stakeholders. Partnerships need to be forged, and this will only be strengthened and catalysed by global and bi-lateral agreements to stimulate the actions.
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