

ROADTEST REPORT




Road test of the ACT Assessment methodology for the tourism sector



ACKNOWLEDGEMENTS

The ACT initiative warmly thanks the companies involved in testing the methodology for their contribution to the adaptation for the tourism sector.



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Purpose of this document

The ACT Tourism road test is part of the Destination France plan launched in 2021, which aims to "consolidate France's position as the world's leading tourist destination and make French tourism a sector that generates excellence, growth and jobs, based on a more qualitative, sustainable and resilient model". One of the objectives of this plan is to strengthen the sustainability of the sector and to lead activities to actively reduce greenhouse gas emissions.

To this end, an assessment of the low-carbon strategies of companies in the sector was carried out using the ACT methodology, on a sample of 10 companies representing of the various tourism sub-sectors. The road test, piloted by ADEME and carried out by I Care by BearingPoint, Eco2initiative and Utopies, ran from March 2023 to September 2024.

In conjunction with the assessment of low-carbon strategies, a second sample of 10 companies was supported through the ACT Step by Step approach by Ekodev and BL Evolution. The conclusions of the ACT Step by Step road test are not included in this report and are the subject of a separate report. However, the problems encountered by the companies supported by ACT Step by Step are similar to the issues raised here.

The purpose of this report is to present the road test of the ACT Assessment methodology, the harmonized results and the main conclusions.

Recommendations for adapting the ACT methodology for the tourism sector were made in a methodological note supplementing this report and are not detailed here.

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1. Context

1.1. THE TOURISM SECTOR

The tourism sector plays an important role in France, with tourism consumption expected to reach 180 billion euros in 2022¹, representing over 7% of GDP. However, tourism in France contributes to climate change up to 97 million tons of CO₂e, accounting for 11% of French emissions.

The latest GHG emissions assessment carried out in 2024 for the year 2022 highlights the importance of passenger mobility emissions (69%, with 42% linked to air transport). This category has a significant impact on the emissions of the players involved. However, for most of these players, these emissions fall outside their perimeter of influence. The commitment of stakeholders and collaboration between players in the sector around these issues therefore appear to be necessary conditions for reducing the sector's emissions.

The other key areas are accommodation, purchases of goods and catering, which together account for 25% of the sector's emissions.

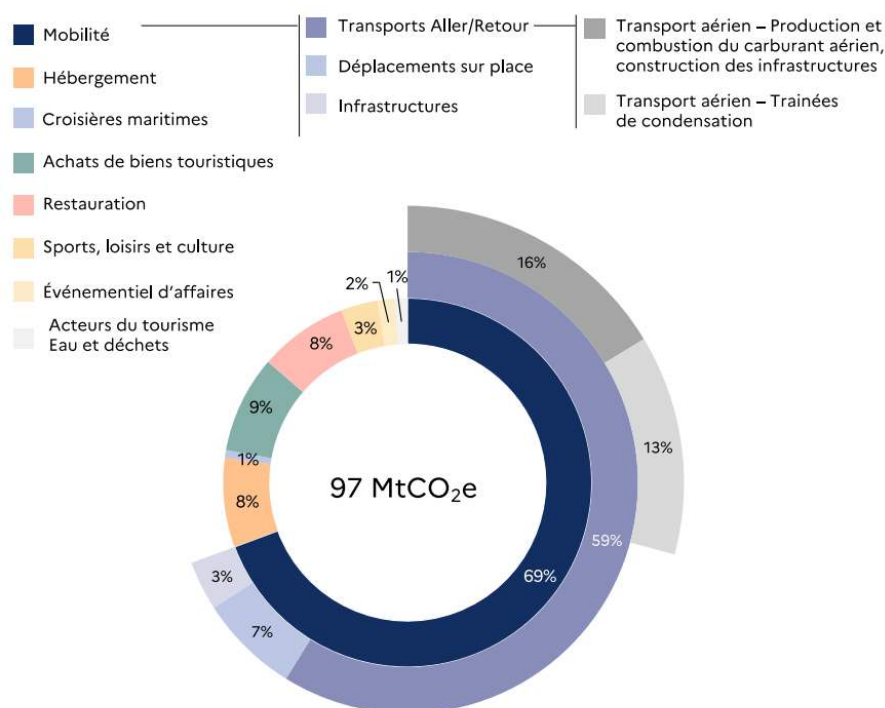


FIGURE 1 BREAKDOWN OF GHG EMISSIONS FROM THE TOURISM SECTOR IN FRANCE IN 2022, BY EMISSIONS SECTOR

¹ Assessment of greenhouse gas emissions from the tourism sector in France in 2022

1.2. CHOICE OF A REPRESENTATIVE SAMPLE OF A MULTI-ACTIVITY SECTOR

One of the main characteristics of the tourism sector is the wide range of activities carried out by its players. The various sub-sectors identified and studied are as follows.



Passenger transport and business tourism and events are not represented due to the lack of willing companies in these sectors at the time of recruitment.

The sub-sectors are represented by the following companies:

- Cruise operators : Vedettes de Paris
- Sports, leisure, culture : Eurodisney
- Accommodation: Center Parcs - Pierre et Vacances, AccorHotels, Best Western, AccorInvest, l'Escale Royale
- Food & beverages: Les 3 Brasseurs
- Prescribers and tour operators : Compagnie des Guides de Chamonix, Vie Sauvage

It should be noted that some of these players are actually at the crossroads of several sub-sectors (e.g. Eurodisney offers accommodation solutions, Best Western food services).

The ACT methodologies used for these companies were as follows:

- ACT Generic v2.0 (not eligible for other sector methodologies): Vedettes de Paris, Eurodisney, Center Parcs - Pierre et Vacances, AccorHotels, Best Western, l'Escale Royale, Les 3 Brasseurs, Compagnie des Guides de Chamonix, Vie Sauvage
- ACT Immobilier v1.2 : AccorInvest

Les 3 Brasseurs, a restaurant operator, could initially have been assessed using the ACT Agri/Agro methodology, but as it was still under development, the ACT Generic methodology was chosen by default. The issues specific to the food & beverages sector, which are covered by indicators in the ACT Agri/Agro methodology (in particular food waste management), were included in the narrative score for the assessment.

1.3. GOALS OF THE ROADTEST

The ACT Tourism road test aims to :

- Assess the robustness of the decarbonization strategies of 10 companies
- Take stock of the sector's low-carbon transition
- Testing the applicability of ACT methodologies to the tourism sector
- Suggest possible improvements.

To this end, individual reports are provided to the 10 companies giving details of their score and recommendations for improving their low-carbon strategy. These reports are confidential and the results are aggregated in this report to give an overview of the situation at sector level, to maintain the confidentiality of the scores. Finally, recommendations on improving the ACT methodology to include the tourism sector are set out in a dedicated methodological note.

For reasons of confidentiality of individual results and low sample size, results by sub-sector and sector methodology will not be presented. However, qualitative conclusions will be drawn to highlight specific disparities and issues.

2. Analysis of the assessment process

2.1. ORGANIZATION OF THE ROADTEST

The 10 assessments were carried out by I Care by BearingPoint, Eco2initiative and Utopies, with monthly project meetings with ADEME and bimonthly steering committee meetings with ADEME and the MTE / CGDD.

The road test was carried out in several stages:

- Recruitment of volunteer companies: March to September 2023
- ACT training for the companies: September 2023
- Assessments of the 10 companies: October 2023 to July 2024
- Adaptation of the methodology: June 2024 to August 2024

In addition to the project and steering committee meetings, workshops were organized with the consultants and ADEME's ACT team to discuss ways of adapting the ACT methodology for the tourism sector. The conclusions of these workshops are compiled in the ACT Tourism methodology note.

2.2. COMPANY ASSESSMENT PROCESS

The assessment of the 10 companies was conducted between October 2023, when the first kick-off meetings took place, and July 2024, when the final ACT scores were submitted. The assessment process unfolded in several phases, as outlined in the following timetable.

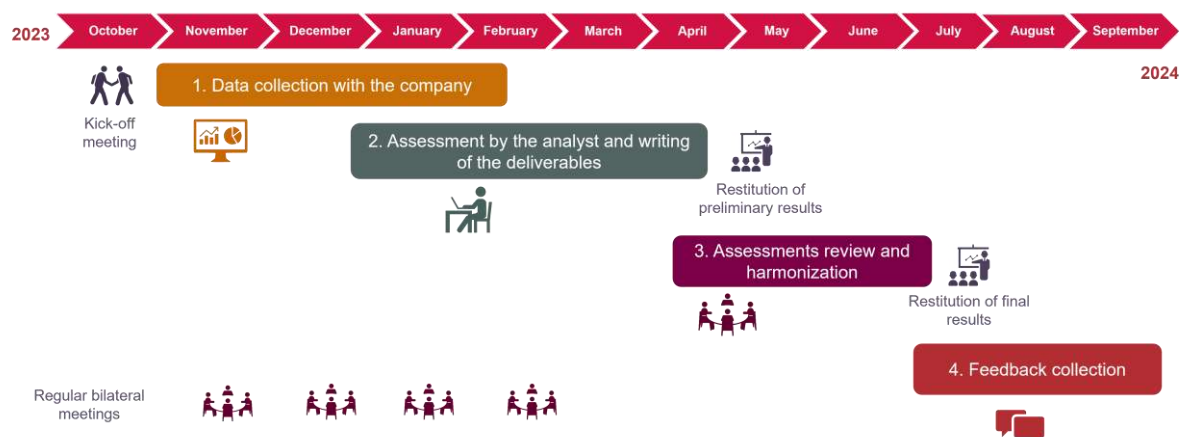


FIGURE 2 TIMETABLE FOR THE COMPANY ASSESSMENT PROCESS

The companies' teams were trained in the ACT methodology and the data collection tool before the assessments were launched.

2.2.1. DATA COLLECTION

The assessment process began with a preliminary meeting between analysts to agree on the stages and main principles of the assessment, to present monitoring tools (to follow the progress of the assessments and collect feedback throughout the road test) and to discuss the choice of sector-specific methodology for each company.

The meetings to launch the individual assessments with the companies then took place between mid-October and mid-November, except for Pierre & Vacances - Center Parcs (due to internal constraints delaying the start of the project) and Escale Royale (having joined the road test in November) which launched the data collection in December.

The data required for the assessment was collected using the Excel data collection file previously provided by ADEME. The companies were invited to complete their responses to the ACT indicators directly, with support from the analyst, and to provide additional documents justifying their answers, such as recent greenhouse gas emissions report, activity data, reduction targets, supplier commitment policy, governance details, and more.

This data collection phase lasted an average of 2 to 3 months, with regular iterations between the company and the analyst.

2.2.2. ASSESSMENT BY THE ANALYST AND DRAFTING OF DELIVERABLES

The analysts then assessed the companies' low-carbon strategies, based on the data collected. The main tools/documents required for the assessments were provided by ADEME:

- The ACT Generic 2.0 and ACT Real Estate 1.2 methodologies contain the scoring criteria for each of the indicators and indicate how the scores are calculated and weighted. The methodologies also provide relevant context for each of the indicators and an overview of the main objectives of each module.
- The ACT online tool in which analysts enter data after reviewing the responses to the Excel data collection file. This online tool automatically calculates an overall weighted score based on the company's responses and the analyst's assessment. It allows the analyst to automatically calculate scores by module in a simplified way, while providing useful graphs for the individual assessment report. This tool also integrates the assessment of the narrative score (maturity matrix) and the trend score, giving the analyst an overall view of the analysis.

The results of the assessment were then communicated to the companies in an intermediate version (before harmonization between consultants), with scores subject to modification but with relevant conclusions and areas for improvement.

The assessment phase lasted 1 to 2 months, including iterations with the companies when necessary.

In the specific case of L'Escale Royale, as it was not possible to collect sufficient data for the assessment (in particular, a complete greenhouse gas emissions report), a transition

roadmap was produced covering the main issues raised in ACT. Only qualitative conclusions could therefore be drawn in the case of this company (no assessment and no ACT score).

2.2.3. REVIEW OF ASSESSMENTS AND HARMONIZATION

The intermediary assessments were then critically reviewed to identify any errors, points of divergence and methodological issues that needed to be discussed in order to harmonize the results and reduce biases linked to the interpretation of the methodology.

Following this critical review, a harmonization workshop with the analysts and ADEME's ACT team provided an opportunity to raise some of these points and reach a common approach. The updates were presented to the companies at a final individual feedback meeting.

The critical review and subsequent updates were carried out over a 3-month period, with final reports scheduled for July-August.

2.2.4. FEEDBACK COLLECTION

An online questionnaire was used to gather feedback from companies on the assessment process, the difficulties encountered and the ACT methodology.

Feedback from the analysts was collected throughout the road test and discussed in monthly meetings.

3. Analysis of results

This section presents the results of the testing of the ACT methodology for the tourism sector. The following summary includes an overview of the results by module for the performance score, as well as the overall view of the narrative and trend score.

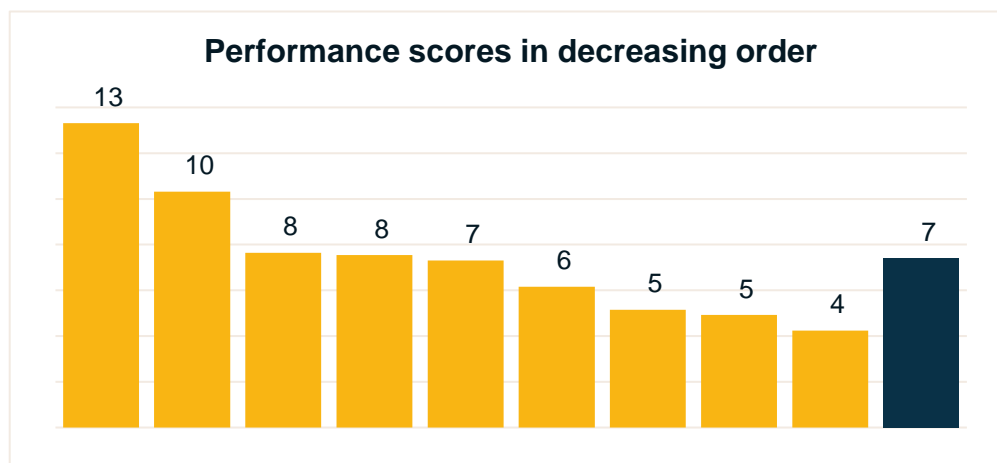
The individual results for each company have been aggregated to allow analysis of the overall sample. These results do not include Escale Royale, as this company was not ultimately rated. The results therefore include 9 companies.

3.1. GENERAL RESULTS



The average score for the sample was **7B+**.

- The **average performance score was 7/20**, with 13 being the highest and 4 the lowest. Only 2 of the 9 companies achieved a performance score of more than 50%. The highest score is due to precise monitoring of emissions from the company's assets (which constitute its main challenge) and strong governance on carbon issues. The shortcomings identified for the lowest score relate to the absence of reduction targets and actions, as this was the company's first greenhouse gas emissions report.



- The **average narrative score was B** with a variability of C to B, i.e. a relatively homogeneous sample. 6 out of 9 companies obtained a B. The maximum score was obtained for all the companies for reputation, given the absence of environmental controversies. The lowest scores were obtained on the "business model and strategy" dimension, indicating that the companies are not close to being low carbon aligned. The best score obtained was linked to a coherent strategy and an approach to raising awareness on mobility issues among economic partners and public authorities. Overall, there is little consideration of the carbon implications of customer travel, and limited questioning of the business model.
- **The average trend score is (+)**. In total, 5 companies scored (+) and 4 scored (=). None scored (-). The result reflects a sample that is on track to improve its carbon performance and strategy on average. According to the assessments, if these companies were to be assessed again in a few years' time, the performance score would be higher than 7. This can be explained by strong actions that have been put in place (fleet electrification, energy renovation, eco-design of meals, etc.) or are currently being implemented, which should bear fruit in the short term. However, given the lack of a long-term vision and, in some cases, an incomplete transition plan (objectives, monitoring indicators, human and financial resources in particular), it is difficult to attest to any long-term improvement.

3.2. ACT'S 5 KEY QUESTIONS

Like all ACT road tests, the ACT Tourism road test provides an overview of the sector's performance and answers the 5 cross-cutting ACT questions. The following paragraphs summarize the trends and challenges for the sector in these 5 areas. This information does not apply uniformly to all participating companies and should not be interpreted as an indication of individual company performance. It is a high-level analysis of common trends identified throughout the road test. Company-specific information is provided in individual company reports, which are not publicly available.



Commitment

Most companies have set targets for reducing GHG emissions. These targets are generally short or medium term. Overall, the commitments lack a long-term vision and intermediate objectives. There is also partial coverage of Scope 3 emissions, with little or no commitment to customer mobility.

Transition plan

To make the transition to a low-carbon world, companies have strategies that need to be consolidated. Despite some major planned investments in low-carbon assets (electrification of fleets, renovation of buildings), low-carbon activities still account for a very small proportion of business and revenues, with little concrete monitoring and associated financial plans. Dependence on high-carbon travel by customers is still poorly addressed in companies' transition plans.

Present

Most companies have taken charge of the low-carbon transition at a high managerial level, with a few cases of incentives linked to compliance with GHG reduction targets. Some of the companies in the sample are already implementing strong measures to reduce their impact (vehicle fleets, meals, low-carbon offerings) and engaging their stakeholders (suppliers and customers) on climate issues. However, levers for action still need to be put in place to achieve individual objectives, particularly in the most important areas such as customer travel, product purchases and fixed assets.

Legacy

Few companies have made commitments in the past. Some companies are only just beginning to monitor their carbon performance and define their climate strategy (emissions assessments being completed, no quantified reduction targets) but are already taking steps to reduce their emissions. For companies that have data for recent years, the rate of emissions reduction is not yet sufficient to achieve the intermediary and current targets. Additional efforts are required. It is therefore difficult to attest to the reliability of the commitments made by companies in the sector.

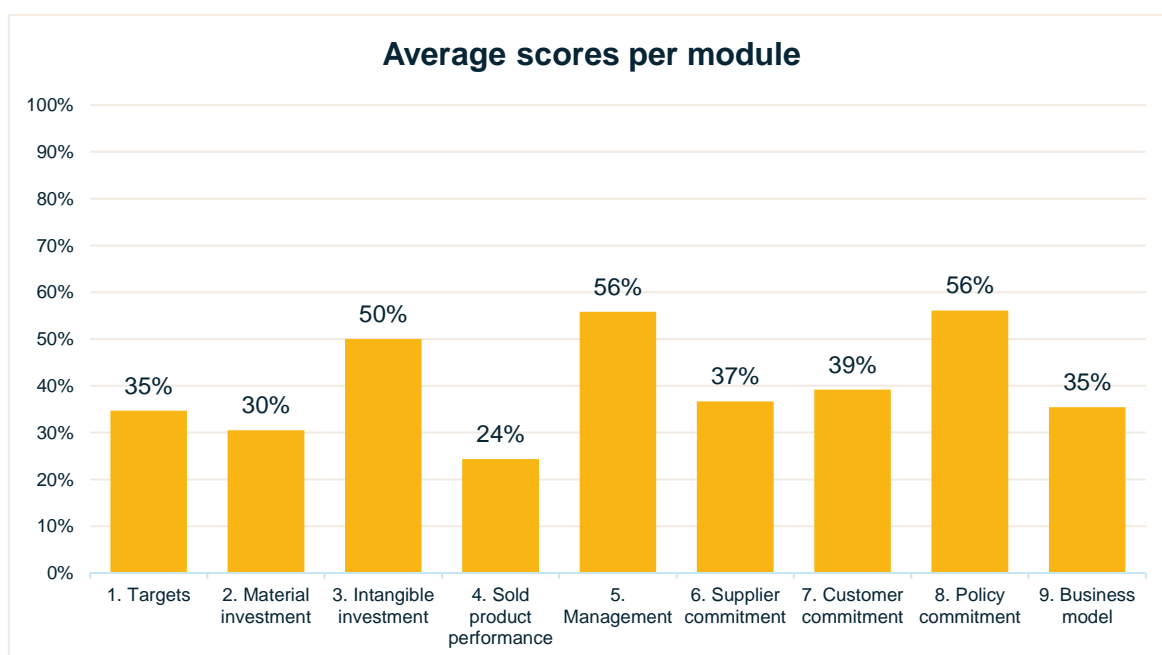
Consistency

Overall, the assessments showed that the climate strategies were relatively consistent for each company and incorporated the main issues for each sub-sector of activity. However, shortcomings were identified in terms of the scope of the actions, with little questioning of a business model partly based on travel by customers who come to the site, and few levers used to reduce these emissions. This issue represents a major challenge for the tourism sector, and companies currently do not know how to address it.

3.3. AVERAGE PERFORMANCE SCORE PER MODULE

Overall, companies in the sector scored in the lower middle range on the ACT performance score. 3 of the 9 modules scored more than 50%, while the other 6 scored less than 40%. On average, the qualitative modules (modules 5-9) scored higher than the quantitative modules (modules 1-4). The modules with the lowest scores were 4. Performance of sold products and 2. Material investments.

Details of the average score for each module are given in the table below.



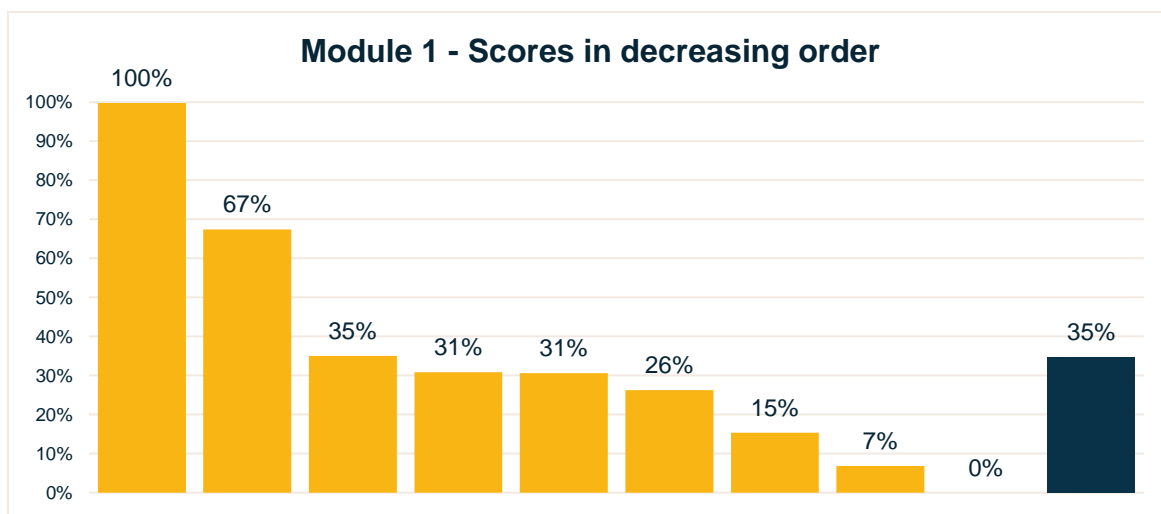
- **Module 1 - Targets (35%)**

Module 1 assesses a company's short- and long-term objectives and aims to compare them with existing low-carbon trajectory benchmarks. The overall average is 35%.

There are several categories of company:

- 1 company gets a perfect score because its trajectory is low carbon aligned in the short and long term, with intermediate targets that are close enough together.
- 3 companies have short- or medium-term objectives with an incomplete scope for their emissions (exclusion of franchises or certain material Scope 3 items such as customer travel) or do not have formalized emissions reduction objectives, resulting in a score of less than 15%.
- Finally, the remaining companies have short- or medium-term objectives (2030 at the latest) and are not currently aligned with a low-carbon trajectory, hence a score of around 30%. It should be noted that when using the ACT Generic methodology, the default benchmark used is SBTi 1.5°C ACA (Absolute Contraction Approach), which is more ambitious than certain sector benchmarks.

The long-term vision is generally a real challenge for tourism companies, which are not used to projecting their business strategies so far ahead. Furthermore, few companies compare with SBTi type benchmark trajectories to ensure that their objectives are robust.



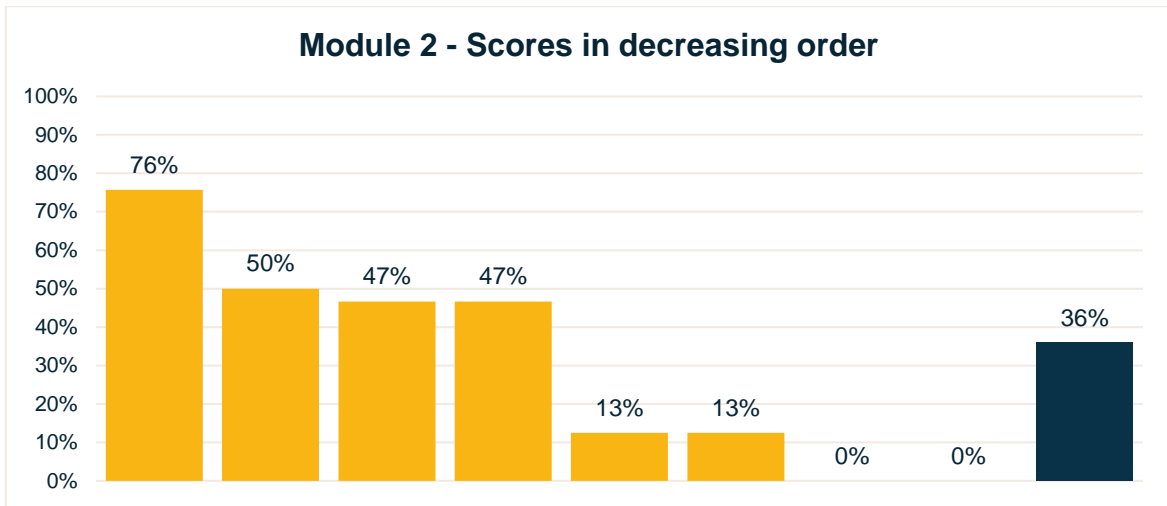
- **Module 2 - Material investments (30%)**

Module 2 measures physical investment in low-carbon activities and technologies. It calculates the performance linked to assets (in this case the building stock and vehicle fleet where applicable) as well as the share of investment in low-carbon technologies out of total CAPEX. This module concerns 8 of the 9 companies studied, mainly vehicles for prescribers, tour operators and cruise operators, and buildings for hotels and restaurants. The average score for this module was 30%.

- The scores of 0% can be explained by rising direct emissions in recent years and a lack of projected data on asset performance, with business growth projections that do not seem to match the targets set in absolute terms.
- In the case of very low but non-zero ratings, they refer to companies that have improved their carbon performance in terms of asset emissions in recent years but have no projected data or low-carbon investment plan for the future.
- Lastly, the highest scores (47% and above) refer to companies that have at least accurately tracked the performance of their assets in the past and in the future, or have a low-carbon investment plan.

Indicator 2.4 (Locked-in emissions) is not applicable to all the companies assessed using the ACT Generic methodology, given the common choice of degree of precision of the input data (Scope 1&2 emissions reported globally, with no distinction between transport and buildings). The choice of degree of precision is specific to the ACT Generic method.

Overall, the proportion of CAPEX described as low carbon is low or non-existent. Only 2 companies have planned major investments in decarbonization (fleet electrification, building renovation).



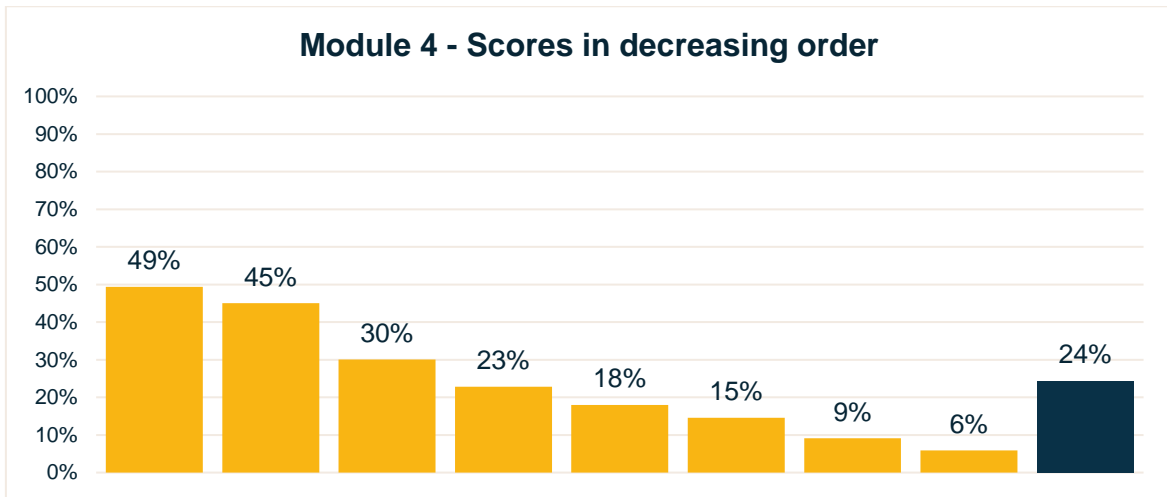
- **Module 3 - Intangible investments (50%)**

Module 3 measures investment in research and development of low-carbon and mitigation technologies. As R&D is not identified as a material issue for the tourism sector, the majority of companies were not assessed on this module. Only one company scored 50% on module 3, due to a budget dedicated to eco-design to reduce the impact associated with products. Indicator 3.2 (Low-carbon patenting activities) is not at all applicable in the tourism context.

- **Module 4 – Sold product performance (24%)**

Module 4 analyses the performance of the company's products and services. In the case of the tourism sector, due to difficulties in defining the tourism product/service, this module includes all Scope 3 emissions. This includes emissions linked to customer travel to the site. There is a bias towards companies that do not measure customer travel: these companies are favored in this module (as well as in the coverage rate of targets in indicator 1.3 - Alignment of downstream Scope 3 emissions reduction targets). This bias is corrected by a stricter rating in module 7. Customer engagement and in the narrative note, and has been taken into account in the methodological note for the adaptation of the methodology.

The average score for this module was 24%. This is the module with the lowest score, with all scores below 50%.



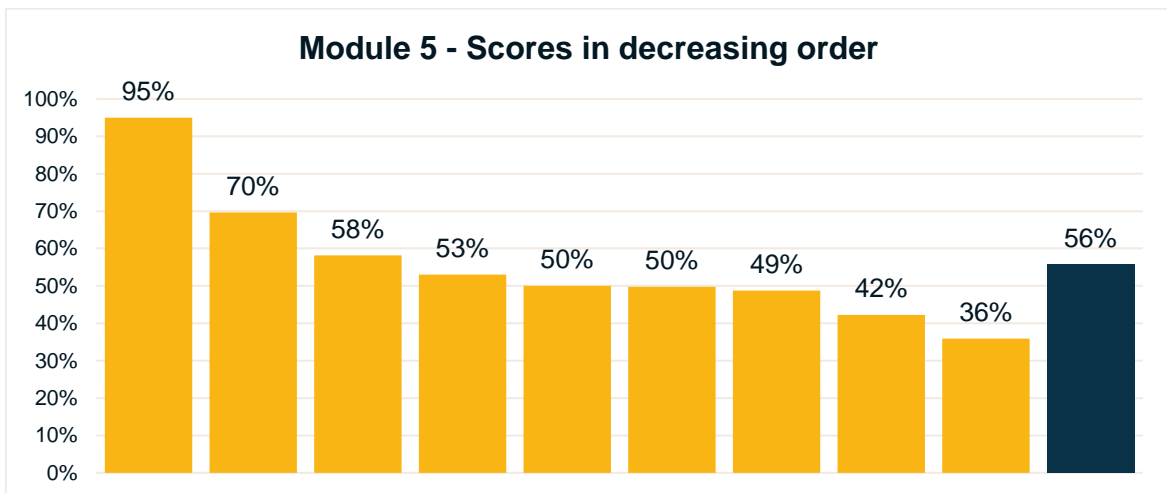
Scope 3 emission reduction activities include some ambitious actions with high mitigation potential (eco-design of meals, supplier commitment, electrification of mobility), but most have a low level of maturity, ambition and impact (e.g. simple impact measurement, actions on non-material items, alignment with regulations), which explains the low score. However, that the criteria of “scope of the action” and “consistency with the most material issue associated with the item in question” are well rated overall. This means that most of the actions cover an extended, or even complete, scope, and that the most significant issues are clearly identified when companies address the most material items (e.g. targeting the most carbon-intensive modes of transport for customer travel).

Companies obtain very low or zero scores on past trends in Scope 3 emissions. This can be explained by a lack of data or a growth in activity in recent years.

Indicator 4.4 (Sub-contracted transport service performance) is only relevant for companies that include customer travel as an integral part of their services but do not operate this travel. This concerns only one company.

- **Module 5 - Management (56%)**

Module 5 assesses whether companies have robust policies, governance structures and control over climate-related issues. This is one of the highest scoring modules on average, with a score of 56%.



All the companies scored very highly on indicator 5.1 (Oversight of climate change issues), with only two failing to achieve 100%, which shows that climate issues are in general being managed at the highest levels of responsibility and that transition plans are being driven by board members. However, to complement this, and to ensure that climate issues are properly understood and integrated into the strategy, climate-related skills for decision-makers need to be strengthened, as shown by the average score of 44% for indicator 5.2 (Climate change oversight capability).

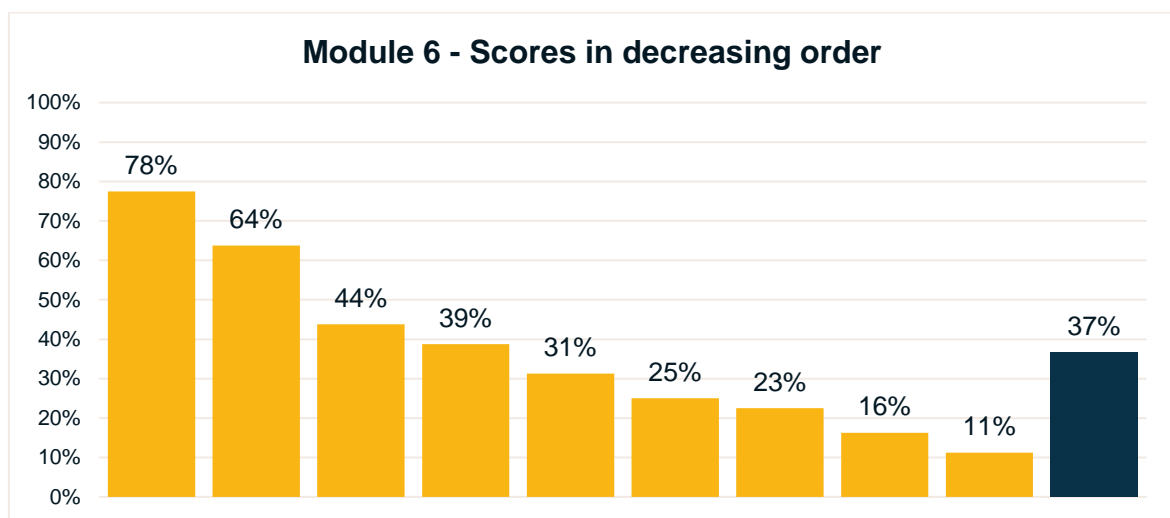
The scores on the 5.4 indicator (Climate change management incentives) show heterogeneous results, indicating that some companies (5 out of the 9 in the sample) have implemented monetary incentives linked to improving their sustainable development performance, while others have not integrated these incentives at all.

Indicator 5.5 (Climate change scenario testing), which assesses companies' use of climate scenario analysis, scored the lowest in this module. This is due to the low number of companies that have carried out comprehensive scenario analysis to feed into their long-term transition plan and financially assess the risks associated with the low-carbon transition. At this stage, some companies have only carried out a mapping of the risks weighing on the company, but this is not dedicated to climate issues and does not cover the financial, economic and physical dimensions in any depth.

Finally, one of the key indicators in the ACT assessment refers to companies' low-carbon transition plans, which are assessed in indicator 5.3 (Low-carbon transition plan). Almost all companies have a low-carbon transition plan, but most of these are not formalized and contain partial elements in terms of scope, time horizon, financial content and robust monitoring indicators. The companies with the lowest scores have less detailed plans with limited scope and time horizon.

- **Module 6 - Supplier engagement (37%)**

This module assesses companies' strategies and actions to encourage suppliers to improve their sustainability performance. The indicators assess the strategy and activities implemented by companies to encourage suppliers to reduce their GHG emissions. The average score for this module is 37%.



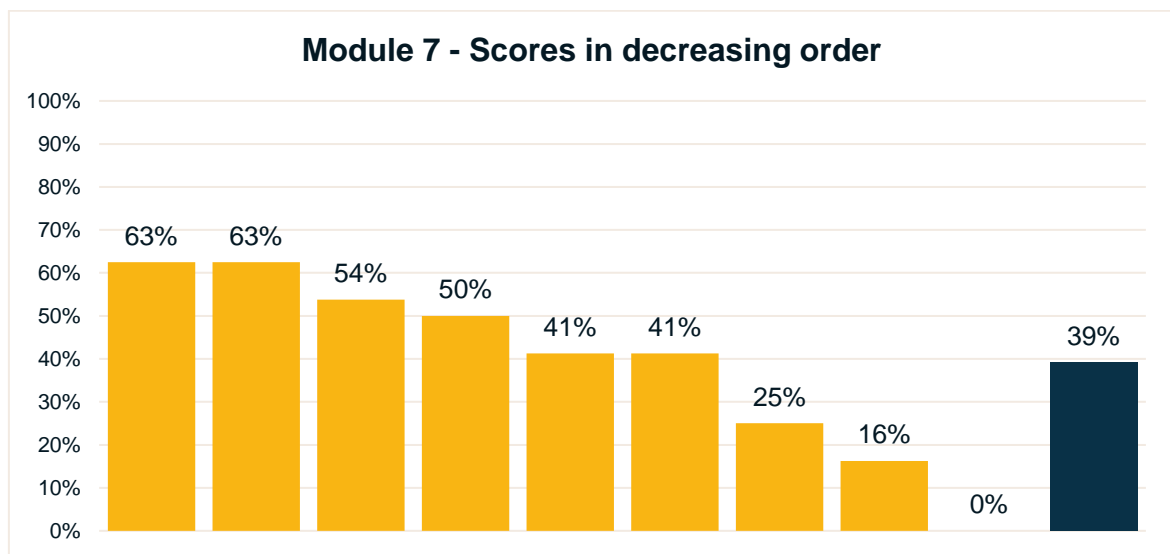
The results for this indicator are heterogeneous, showing disparities in the way suppliers' engagement is considered. It should be noted that not all companies have the same weighting on this module. However, there is no higher tendency for companies with a higher weighting on module 6, for which the issues linked to the upstream part of the value chain are more significant.

Even though companies are starting to take climate-related issues into account in their relations with suppliers, only 2 out of 9 scored above 50%.

Engagement modes are generally limited to raising awareness and collecting data. Few companies set up partnerships to reduce emissions from products and services, or include carbon criteria in calls for tender or supplier selection processes. Overall, companies scored slightly better on indicator 6.1 (Strategy to influence suppliers to reduce their GHG emissions) than on indicator 6.2 (Activities to influence suppliers to reduce their GHG emissions), indicating that companies are planning to engage their suppliers but that few impactful activities are being carried out today.

- **Module 7 - Customer engagement (39%)**

This module assesses the companies' strategy and activities aimed at influencing customer behavior in order to reduce their GHG emissions. The inclusion of customer travel in the emissions balance and strategy is assessed qualitatively in this module. The average score for this module is 39%.



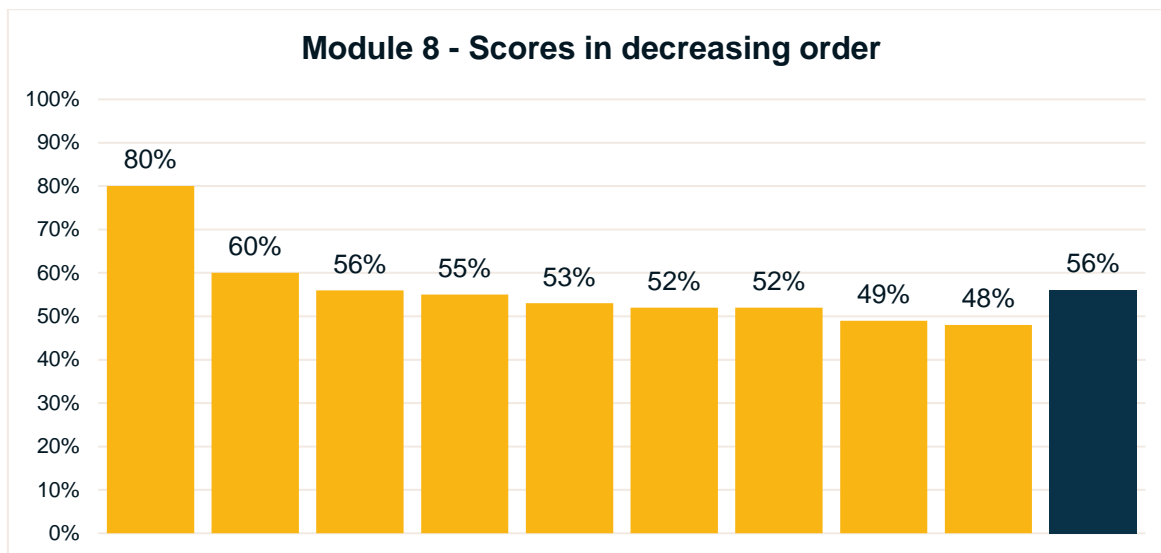
4 of the 9 companies scored over 50% and 3 scored low or zero (0-25%) due to a lack of customer mobility strategy.

As in the case of suppliers, there is no higher trend for companies with a higher weighting on module 7, for whom the issues linked to the downstream part of the value chain are more significant.

Among the action levers implemented in the activities and integrated into the strategy, a variety of engagement modes are put in place with awareness-raising actions, marketing campaigns and promotion of low-carbon offers, as well as some monetary incentives. However, the impact of these actions is rarely measured, and customer engagement strategies are not directly linked to emission reduction targets.

- **Module 8 - Public engagement (56%)**

This module assesses companies' involvement with trade associations and their public stance on climate policies. It is one of the highest scoring modules on average, with a score of 56%.



Across the sample, there is a lack of formalization of internal policies on engagement with trade associations and multi-sector think tanks, which explains the low scores on indicator 8.1 (Company policy on engagement with associations, alliances, coalitions or thinktanks). 5 of the 9 companies have no internal policy on the subject.

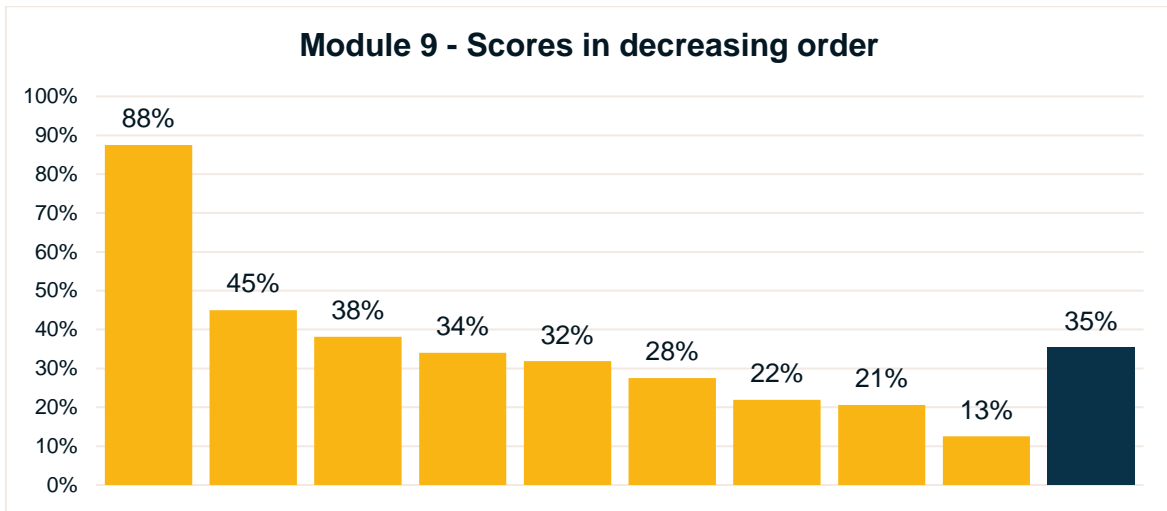
Indicator 8.2 (Associations, alliances, coalitions and think tanks supported do not have climate-negative activities or positions) assesses whether the companies support organizations that have climate-negative positions. No evidence of partners negative public position on climate was found and all companies scored 100% on this indicator.

With regard to positions taken on climate policies (indicator 8.3 - Positions on important public policies), some companies obtained good marks given their public support for international commitments to reduce emissions and their involvement in sectoral or multi-sectoral initiatives to fight climate change: Glasgow Declaration, Acting for Responsible Tourism, Business Climate Convention, SBTi, etc.

Finally, little interaction and collaboration with public, local or governmental authorities was found (indicator 8.4 - Collaboration with local public authorities). This can be an important lever for players in the sector, particularly when it comes to mobility issues, which sometimes depend on external factors and players. One company, for example, has initiated a dialogue on the subject with local public authorities and economic players to find concerted solutions.

- **Module 9 - Business model (35%)**

The aim of this module is to assess the proportion of the company's activity linked to low-carbon products and services, and the changes in business models planned or underway to contribute to achieving a low-carbon world. The average score for this module is 35%.



Indicator 9.1 of the ACT Generic methodology (Revenue from low-carbon products/services) assesses the share of low-carbon products and services in the company's present and future revenues. Companies have identified low-carbon products and services not without difficulty, and these currently represent a very small proportion of sales. However, for some players, significant growth in the share of revenues associated with these products is expected over the next few years. As the definition of low-carbon products and services is open to interpretation by the companies, the results for this module should be treated with caution and analyzed mainly from a dynamic perspective with the changes in the share of these products (dimension 2) rather than the current share in the reporting year (dimension 1).

Indicator 9.2 of the ACT Generic methodology (Changes in the business model) is broken down into 3 differently weighted dimensions: creation/expansion of low-carbon business models (50%), decarbonization of activities within existing business models (10%), and termination/phase-out of existing high-carbon business models (40%). The low scores on this indicator can be explained partly by the fact that few carbon-intensive models were eliminated, which reduces the indicator score by 40% by default. In total, only 3 companies obtained scores above 50% on this indicator, due to models that are of high importance for the low-carbon transition, targeting the most significant emission sources and destined to be developed. These include the restriction of perimeter for excursions, the electrification of fleets and the renovation of buildings, the development of air-free travel offers or a low-carbon catering offer. For the decarbonization of existing models, many action levers have already been taken into account in module 4, which raises the question of the redundancy of this indicator.

For the ACT Real Estate methodology, this indicator is equivalent to indicator 9.1, which does not include this breakdown. The scores are therefore difficult to compare.

Indicator 9.3 (Share of low-carbon clients) was not used because it was considered inapplicable at the time of the initial set up (the tourism sector not being considered as operating upstream of a high-emission activity).

3.4. AVERAGE NARRATIVE SCORE

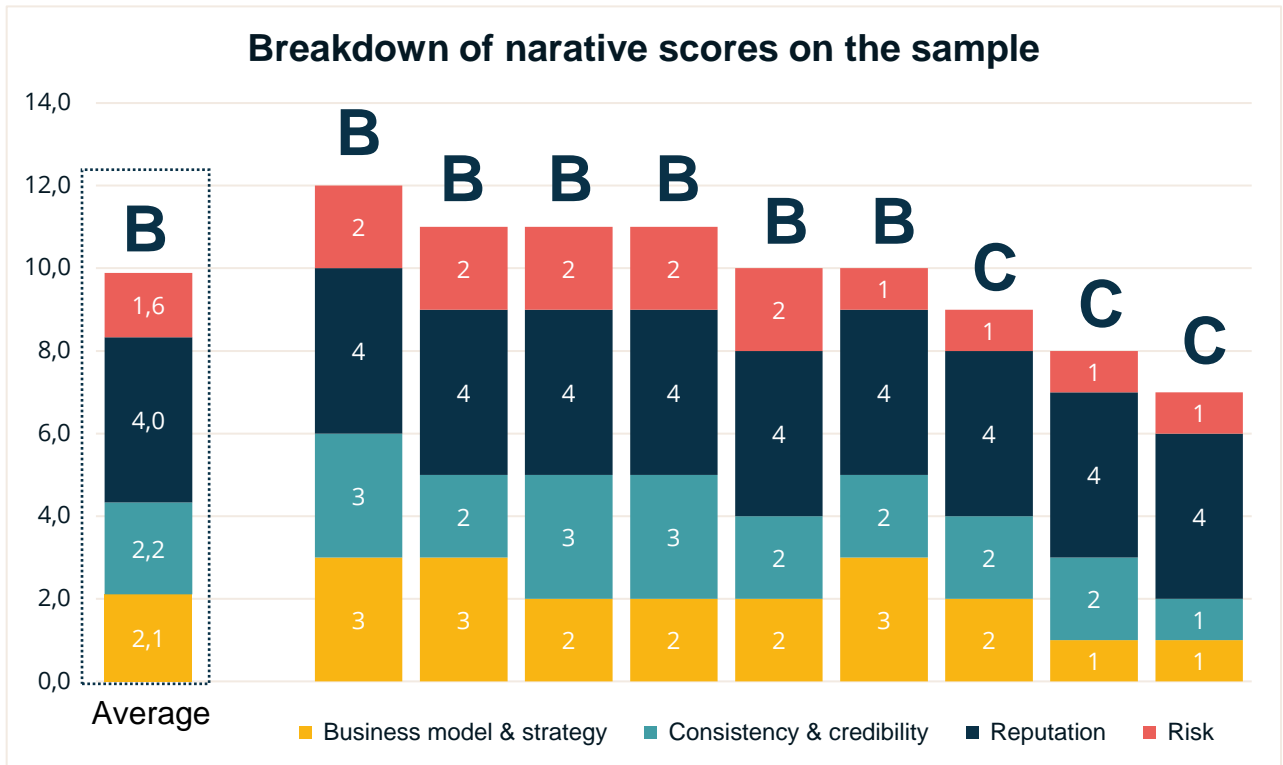
The narrative score assesses the company's overall response with four criteria: Business Model and Strategy, Consistency and Credibility, Reputation and Risk. Once the company's response has been examined and rated from a performance point of view, the analysts completed the narrative score in the ACT tool. This includes scoring criteria for each dimension using a maturity matrix, from 'Basic' (0 points) to 'Low-carbon transition aligned' (4 points).

| Dimension | Basic | Standard | Advanced | Next practice | Low carbon aligned |
|-----------------------------|---|--|--|---|---|
| Business model and strategy | The company does not seem to be able to be profitable in a low-carbon economy and there is no sign of internal efforts. | The company has begun to seek profitable activities in a low-carbon economy. | The company has identified profitable activities in a low-carbon economy, and climate issues have been integrated into its business model and strategy. | The company is in transition toward profitable activities in a low-carbon economy and there is evidence that mechanisms are being put in place for this purpose. | The company's activities seem to be profitable and its short-term strategy and targets are compatible with the low-carbon transition. |
| Consistency and credibility | The past and present actions, and transition plan if there is one, do not demonstrate overall coherence and the company does not seem to be able to achieve its climate objectives. Important efforts are needed for the implementation of a low-carbon transition plan. | The past and present actions are not in line with the company's potential climate objectives. However, there is some evidence that the company already begun to consider mechanisms to implement a low-carbon transition plan. | The past and present actions demonstrate that the company has a climate ambition, but additional efforts may still be needed to achieve climate targets. The company has started to establish an action plan to improve its climate performance. | The past and present actions are coherent with the company's transition plan. Additional efforts are needed but the company has always demonstrated the will to implement the needed mechanisms to stay aligned with its climate goals. | The past and present actions are coherent and already in line or beyond with a low-carbon transition. |
| Reputation | Existence of serious or several environmental controversies harming the company's climate commitments. There is no evidence that the company is addressing or taking the controversies seriously. | Existence of minor environmental controversies. There is no evidence that the company is working to avoid this kind of controversy. | Existence of minor environmental controversies. The company has made reliable commitments to address these types of controversies. | Existence of negligible environmental controversies that do not hamper the company's climate commitments. The company has always resolved environmental controversies with due importance. | No environmental controversies. |
| Risk | There are serious risks that could undermine the company's profitability and its ability to successfully implement a low-carbon transition plan. The company does not consider climate issues related to its activities and remains passive in the face of climate risks. | There are minor risks that could undermine the company's profitability and its ability to successfully implement a low-carbon transition plan. The company has begun to consider climate issues related to its activities. | There are minor potential risks that could undermine the company's profitability and its ability to successfully implement a low-carbon transition plan. However, there is evidence that the company is directing efforts to reduce these risks. | Risks that could undermine the company's profitability and its ability to implement a low-carbon transition plan are very limited. In addition, the company has always addressed and considered climate risks in its strategy. | No potential risk to the future profitability of the company or its ability to implement its transition to a low-carbon economic model. |

FIGURE 3 NARRATIVE NOTE MATURITY MATRIX

The final average narrative grade for the sector is B, which suggests that companies are performing relatively well overall and are integrating carbon issues into their strategy, despite further efforts required. Reputation is the highest rated dimension, with an average score of 4/4. The Business Model and Strategy, Consistency and Credibility and Risk dimensions received average scores (1.6 to 2.2/4).

Details of the breakdown and results by dimension are given below.



Business model and strategy

On average, companies have identified profitable activities in a low-carbon economy and are integrating carbon issues into their short-term strategy but are not questioning their business model in depth to ensure their transition to a low-carbon world in the long term. The main obstacle identified is the dependence on international tourism and high-carbon mobility for visitor travel to tourist sites. The models identified include diversifying the uses of buildings, electrifying mobility, moving towards service models and positioning the sector as a contributor to the transition by committing it to reducing its carbon impact. There are some disparities in scores between companies, which is reflected in the overall narrative score (1 to 2/4 for C-rated companies, 2 to 3/4 for B-rated companies).

Credibility and consistency

Past and present actions are broadly in line with companies' ambitions, with the majority of action plans implemented or in the process of being implemented. The best practices that stand out concern the provision of budgets associated with the transition, the monitoring of the action plan and the setting of intermediate objectives. For some, efforts need to be consolidated in the formalization of coherent objectives and strategic elements, with the costing of actions to enable the objectives to be aligned at a sufficient pace. The major shortcomings to be noted concern a partial carbon accounting perimeter for 3 companies (exclusion of customer travel and other Scope 3 emissions) and the growth forecasts for international tourism, which could increase dependency and penalize the decarbonization strategy.

Reputation

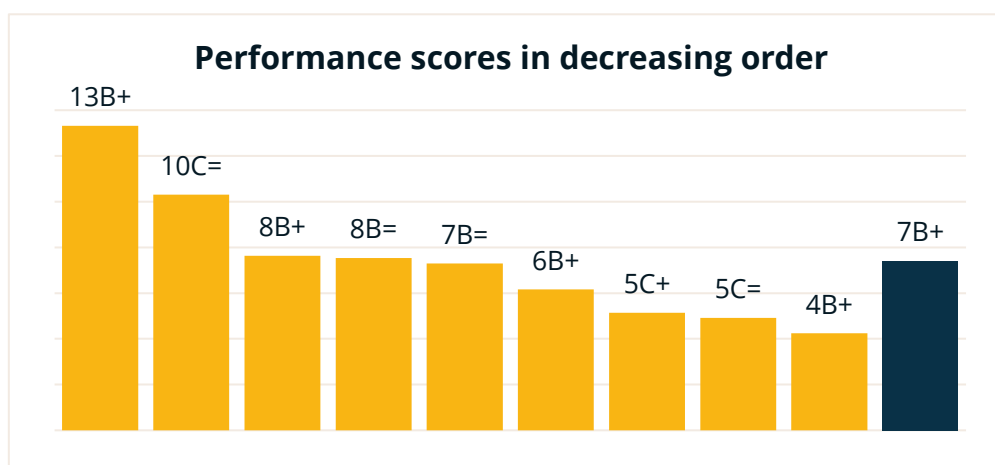
The reputation score reaches the maximum for all companies. This reflects the absence of environmental controversies. On the contrary, some companies stand out for their role

as catalysts of transition, helping to raise customer awareness of environmental issues or participating in initiatives to decarbonize the economy.

Risks

This dimension is the lowest rated for all companies (average of 1.6/4) due to several risks that could compromise the sector's profitability and ability to implement a low-carbon transition plan. These risks are insufficiently considered and integrated into company strategy. Only 3 companies have carried out a detailed climate risk analysis. The most significant risks include dependence on fossil fuel-based transport, physical risks that depend on the environment (flooding, drought, rising temperatures in mountainous areas, etc.) and the resulting loss of profitability.

3.5. TREND SCORE AND AREAS FOR IMPROVEMENT



5 out of 9 companies scored a positive trend, demonstrating a low-carbon strategy that should be consolidated in the future. Key decarbonization actions are being deployed or will be deployed over the next few years, supported by monitoring indicators, a financial plan and appropriate governance to estimate future improvement. 4 out of 9 companies obtained a stable trend score, indicating that their carbon performance is expected to continue to improve. Most of them have decarbonization actions underway or planned for the next few years, but lack the formalization, financial plan, objectives and long-term vision needed to guarantee improvement. No company should see the ambition of its low-carbon strategy deteriorate, according to the analysts. In fact, all the companies have demonstrated a willingness to decarbonize, with evidence to back this up.

The main positive trends noted were:

- Structuring actions planned in the short term (electrification of fleets, promotion of low-carbon modes of transport, development of service activities, reduction in the scope of excursions, local tourism offer, etc.).
- Targets for Scope 1, 2 and 3 (excluding customer travel) for the most part, some SBTi validated, with a trend towards improved carbon performance
- Good understanding of the issues at global management level, and involvement in sectoral/intersectoral decarbonization initiatives

The main areas for improvement identified relate to:

- Taking account of customer journeys, for which companies seem to have limited action levers, hence the need for collective commitment and concerted initiatives between players in the sector.
- The development of a long-term vision (beyond 2030) of the reduction targets set and alignment with low-carbon trajectories
- In-depth questioning of business models dependent on international tourism and subject to major climate risks

3.6. NOTE ON DISPARITIES BY SUB-SECTOR

The size of the sample for this road test meant that analyses by sub-sector could not be carried out without compromising the confidentiality of individual notes. However, a few comments on the disparities observed should be noted.

- The weighting of the modules varies slightly as a result of the different carbon challenges faced by each sub-sector. For prescribers and tour operators, module 4 "Performance of sold products/services " is the most material module (32% of the overall score) due to the importance of Scope 3 in the emissions balance. Conversely, for transport and hotel companies, the weighting of module 2 "Material investments" is greater than for module 4 "Performance of sold products/ services sold", given the importance of emissions linked to the company's assets (buildings and fleets).
- Disparities in scores for module 4 "Performance of sold products/services" (higher scores for prescribers, tour operators and cruise operators), module 7 "Customer engagement" (higher scores for accommodation and food & beverage companies, prescribers and tour operators) and module 6 "Supplier engagement" (higher scores for accommodation, food & beverage and leisure companies).
- Smaller differences observed for modules 1 "Targets", 9 "Business model" and 8 "Public engagement", where the sub-sector does not seem to affect the maturity of companies

The majority of companies were assessed using the ACT Generic methodology. Only one company was assessed using the ACT Real Estate methodology. Due to methodological differences, the scores are difficult to compare, which constitutes a bias in the road test. The main methodological differences concern the quantitative modules (Scope 3 not taken into account in ACT Real Estate), module 4 (absence of this module in ACT Real Estate) and module 9 (no indicator on the proportion of low-carbon revenues and no breakdown of models into new / existing / to be eliminated). On average, these differences are in favor of the ACT Real Estate methodology, in which certain issues are better valued. In this case, for example, customer travel is only considered qualitatively in module 7 "Customer engagement".

3.7. FEEDBACK FROM COMPANIES

At the end of the assessment, the analysts shared a form with the companies to gather relevant information and feedback on the road test. The individual responses were collected to extract the main conclusions from the participating companies. The form covered several themes:

| Themes | Feedback |
|------------------------|--|
| Data collection | <ul style="list-style-type: none"> • Overall, information already available to respond to the data collection questionnaire was used, albeit with a few difficulties: low-carbon CAPEX and R&D investment (not clearly identified in the accounting data), business data projections (the sector's activity is not well suited to long-term projections). • The analyst has a key role in guiding the response/understanding of the indicators and providing relevant answers, with iterations necessary throughout the collection phase. • A French-language version of the tools would be appreciated by companies with employees who do not speak English. • In order to improve the organization and efficiency of the data collection phase, the ACT assessment could include the involvement of those responsible for the data or a site visit, similar to an audit. |
| ACT assessment | <ul style="list-style-type: none"> • The results of the assessment are clear for CSR professionals, but difficult to communicate to management committees. To make it easier to pass on messages to management, the feedback report could include a reminder of the issues, a comparison with the sector and a prioritization of the recommendations made following the study. • Some of ACT's conclusions did not correspond to the expectations of small companies, for whom the ACT methodology does not seem adapted, particularly in terms of formalization of procedures. An ACT Step by Step approach might have been more appropriate. • Concrete and specific examples of certain indicators, such as low-carbon products/services, maturity of interventions, etc., would be useful to help analysts with their ratings and inspire companies to go further. |
| ACT methodology | <ul style="list-style-type: none"> • The ACT methodology helps companies to understand how to consolidate their climate strategy by identifying areas for improvement and indicators to monitor. • Efforts made in the past should be given greater weight in the methodology: if a company puts less effort into reducing its emissions today because the resources have already been put in place in the past, it runs the risk of being penalized compared with a company that plans to make the greatest efforts in the future. |

4. Conclusion

4.1. SUCCESS OF THE ROADTEST

- 9 assessments were carried out, which enabled to identify methodological improvements to better reflect the challenges facing the tourism sector, with a good representation of the sector in terms of both company size and sub-sectors.
- Many of the companies involved in the road test showed good commitment, including, in a few cases, full feedback on the data collection process and methodology.
- The current assessment methodology clearly shows companies where the main gaps and areas for improvement are. It encourages greater monitoring of performance, and formalization of strategies and climate transition plans, which will help to raise standards across the sector.
- The companies assessed were generally satisfied with the road test. For example, some of them stressed that the assessment was a fruitful exercise, which helped them to finalize their decarbonization strategy, or that the holistic nature of the analysis gave them a better idea of what they could do to improve their climate performance.

4.2. LIMITS OF THE ROADTEST

- To carry out an ACT assessment, certain prerequisites must be validated beforehand, otherwise the assessment may be delayed or impossible to carry out. This has been the case for companies with incomplete greenhouse gas emission balances for Scopes 1, 2 and 3.
- The aim of the harmonization phase was to reduce subjective bias linked to the analyst's perception. In addition, the road test was conducted based on existing methodologies that had not been adapted, and although some areas for adaptation were identified, these were not implemented in the final version of the assessments. This may therefore have had an impact on the individual scores, for example in the case of whether emission items such as customer travel and accommodation were included in the assessments. Uncertainties therefore exist and should be borne in mind when comparing individual results.
- Unfortunately, the size of the sample and the differences in sectoral methodologies meant that comparative studies by sub-sector were not possible, which would have enabled specific features to be identified.