ACCELERATE ® CLIMATE TRANSITION

ACT Tourism

Addendum to ACT Generic methodology

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1. Introduction

In 2023, on the initiative of a national tourism program “Destination France”[1], the French ministerial authorities elaborated a list of actions to consolidate France as the main sustainable tourist destination. ADEME was commissioned to conduct a road test on 10 companies from the tourism sector to test the implementation of ACT assessment methodologies.

The main results of the experiment are (1):

- Some ACT sectoral methodologies (transport, real estate) suit the assessment of tourism companies from these sectors,
- ACT Generic needed to be fine-tuned for the remaining tourism companies. This led to an ACT Generic version adapted for the sector detailed in the document below.

ACT Tourism addendum is not a methodology on its own but is based on the ACT Generic methodology and works as an annex to it. To assess a company working in a touristic activity, both documents, ACT Generic and this ACT Tourism addendum, are necessary to gather all information.

1.1. HOW TO USE THIS DOCUMENT?

This document, describing how to fine-tune the ACT Generic methodology for tourism related companies is built as an annex to the ACT Generic methodology. To conduct an assessment, it is mandatory to use both the ACT Generic methodology and the ACT Tourism addendum in parallel, as the addendum creates variations on ACT performance modules 1, 4, 7 and 9. All other modules remain the same as in the ACT Generic methodology.

Modules that remain unchanged are not described in this document and only specificities for the tourism sector are addressed. For methodological aspects not described in this addendum, assessor must refer to the ACT Generic methodology.

[1] Plan Destination France : https://www.atout-france.fr/fr/plan-destination-france

2. Scope

This document presents the changes brought to the ACT Generic methodology to allow an accurate assessment of companies from the tourism sector.

The tourism sector encompasses a large panel of companies and activities (catering, accommodation, passenger transportation, events, travel agencies …). Despite the variety of activities, a common aspect is the company's dependence on client transportation and the difficulty of addressing these emissions. This is one of the main motivations that led to the development of this tourism addendum.

We define here client transportation as the travel required by a tourist to benefit from a touristic product or service. For example, for a client of a museum who travelled 350 km by car to visit it, the client transportation corresponds to the car travel. Sometimes, the travel is included in the purchased product/service but the final purpose is not the travel itself. For example, air travel that is part of a ticket for holidays sold by a tour operator will be considered as client transportation if the destination or the activity at destination is the reason for the flight (e.g. an organised trip to climb a mountain in the Himalayas). If the client transportation is the sold product, it will not be accounted into client transportation but as the sold product itself. For example, a company offering a cable car service to access a mountain peak will consider the cable car transportation as the sold product.

Therefore, this methodology will be particularly suited to companies selling products or services to clients that will need transportation to benefit from these products/services.

In every case, the client transportation can be operated by the company or not. Two types of organisations can be found in the tourism sector:

- The company operates the client transportation, which is included in the product / service it sells: in this case, levers are potentially strong, and related GHG emissions can be included in the company's scope 1 and 2 emissions (if the company operates the transportation with its own fleet) or in its upstream scope 3 emissions (if the company subcontracts to suppliers).
    - Example 1: a tour operator brings clients from a meeting point to the destination with its own fleet of vehicles. This company operates the client transportation after the meeting point (scope 1 and 2 emissions) and does not operate it before that meeting point.
    - Example 2: a company sells visiting tickets for an island and the boat trip to get there is included in the ticket price, but this boat trip is operated by a subcontractor. In this case, the company operates this part of the client transportation but related emissions are included in its scope 3 emissions.
- The company has clients but does not organise their transportation: in this case, levers are limited, and related emissions are included in the company's downstream scope 3emissions.
    - Example: A theme park receiving clients.

The main difficulty in assessing a transition plan with the ACT Generic methodology lies in the client transportation that is not operated by the company itself.

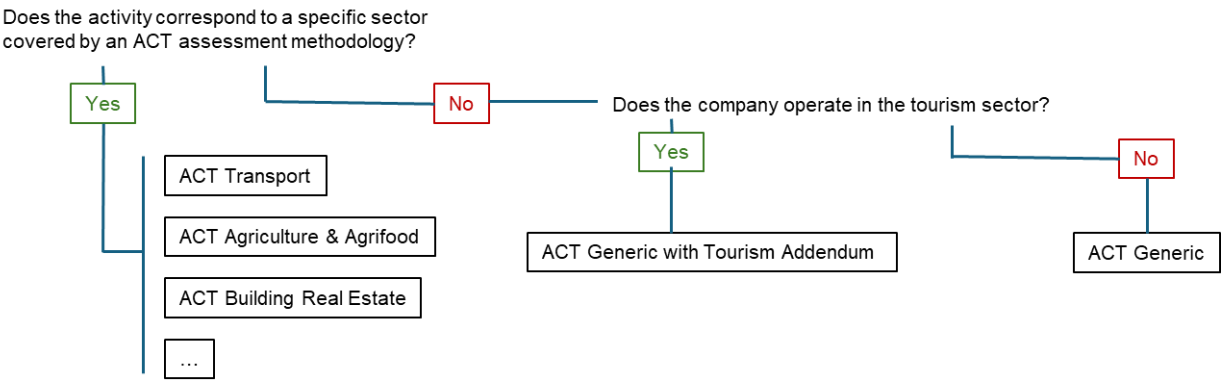

FIGURE 1: SCOPE OF TOURISM ADDENDUM

3. Boundaries

3.1. SOURCES OF EMISSIONS

The ACT Generic methodology considers all significant emissions sources related to companies' activities. This includes both direct and indirect emissions. However, when assessing a tourism company that does not operate or subcontract client transportation, emissions arising from client transportation will not be considered quantitatively and the company's strategy, actions and emissions performance will be assessed only qualitatively on this particular topic.

Scope 1 and 2 emissions: In most cases, the company has levers to reduce these emissions, especially when it comes to the activities listed below:

- Building (energy consumption of the buildings operated/owned by the company)
- Transport (emissions of the company's operated/owned fleet)
- Energy consumption (from network/owned by the company), including scope 2 emissions
- Process (direct emissions from processes and waste management including fugitive emissions (e.g.: refrigerant leakage))

Material scope 3 emissions are also to be taken into account:

- Upstream activities through emissions due to products/raw material and services purchased by the company (e.g.: food products, laundry services)
- Emissions due to subcontracted transportation activities (upstream or downstream)
- Downstream activities through emissions due to the sold products / services performance. Client transportation is usually considered in downstream activities. However, some GHG accounting standards do not consider client transportation emissions. Some companies do not measure it even though it is the main contributor to their overall emissions. To address this issue, the present tourism addendum assesses the strategy and actions dedicated to client transportation only qualitatively, and emissions linked to client transportation are not considered quantitatively.

3.2. CLIENT TRANSPORTATION

Client transportation is the main source of emissions in the tourism sector (transport represents 75% of the GHG emissions from tourism sector at global level (2)) and can account for a great part of a company's GHG footprint. It is a topic that cannot be excluded from a transition plan and the ACT methodology assesses it. However, it is also difficult for many companies to measure these emissions as it requires data from their clients, which is often challenging to collect. Some GHG accounting standards, such as the GHG Protocol, do not require the publication of these emissions data. Moreover, most of the time, companies only have a few levers to tackle emissions linked to client transportation. However, these GHG emissions reflect the company's dependency on transportation, especially when it's fossil fuel-based.

Thus, emissions arising from client transportation that is not operated nor subcontracted by the company are not considered in the quantitative boundaries. This topic will only be assessed qualitatively.

3.3. FRANCHISES

Some companies in the tourism sector have franchises. This is particularly the case for food and accommodation services. Franchises have the same core activity as the facilities directly operated by the company, but their GHG emissions are included in scope 3.

From an ACT perspective, a robust transition plan at company level shall encompass franchises' activities and consider them the same way as its operated activities (e.g. same reduction targets) to avoid potential greenwashing.

Furthermore, the ACT Generic indicators in modules 4, 6 and 7 that consider scope 3 emissions do not properly suit the franchises assessment need.

This is why the scope 1+2 emissions of franchises shall be considered in an 'inclusive' scope 1+2 of the company, to assess franchises the same way as facilities directly conducted by the company, emphasising that franchises shall have the same targets as the company's own facilities and shall reduce their scope 1+2 emissions at the same rate.

4. ACT Generic modules and indicators changes

When a company is in the tourism sector as described in previous sections, modules 1, 4, 7 and 9 (as found in the ACT Generic methodology) need to be adapted in order to enable a proper assessment. This section describes variations brought to these modules.

4.1. MODULE 1: TARGETS

Module 1, “Targets”, assesses the company’s commitments to reduce GHG emissions, as these are the north star for navigating the low-carbon transition. Targets provide a goal with which the company can align its strategy, business decisions, capital expenditure (CAPEX) and research and development (R&D) to deliver GHG emissions reductions. Targets should be science-based, both long-term and near-term, and cover all relevant scopes of GHG emissions.

Note: Carbon offsets are not allowed for quantitative assessment within ACT methodologies. In practice, this means that a target (especially a “net-zero” one) cannot be assessed if it is unclear how the company relies on offsets (3).

GE 1.3 ALIGNMENT OF DOWNSTREAM SCOPE 3 EMISSIONS REDUCTION TARGETS

DESCRIPTION & REQUIREMENTS	**GE 1.3 ALIGNMENT OF DOWNSTREAM SCOPE 3 EMISSIONS REDUCTION TARGETS**
SHORT DESCRIPTION OF INDICATOR	A measure of the alignment of the company’s downstream emissions reduction targets with its decarbonization pathway. The indicator will compare the trend of company’s targeted pathway to the trend of company’s benchmark and thus identify the gap between both pathways at the target year, which is expressed as the company’s commitment gap

Tourism variation	In the ACT Tourism addendum, non-operated client transportation is not considered, accordingly with the emissions boundaries definition (see section 3).

GE 1.4 TIME HORIZON OF TARGETS

Description & Requirements	**GE 1.4 Time horizon of targets**
Short description of indicator	A measure of the time horizons of company targets. The ideal set of targets is forward looking enough to include a long-time horizon that includes the majority of a company's asset lifetimes, but also includes short-term targets that incentivise action in the present.
Tourism variation	In the ACT Tourism addendum, non-operated client transportation is not considered, accordingly to the emissions boundaries definition (see section 3).

GE 1.5 ACHIEVEMENT OF PAST AND CURRENT TARGETS

Description & Requirements	**GE 1.5 Achievement of past and current targets**
Short description of indicator	A measure of the company's historic targets achievements and current progress towards active emission reduction targets. All the scopes of the company are considered. The ambition of the target is qualitatively assessed and not included in the performance indicators.

TOURISM VARIATION	In the ACT Tourism addendum, non-operated client transportation is not considered, accordingly to the emissions boundaries definition (see section 3).

4.2. MODULE 4: INDIRECT OPERATIONS

Module 4, “Indirect operations”, assesses actions to reduce emissions from the company’s value chain, contributing to the overall decarbonisation of its products and/or services. For the ACT Tourism addendum, the value chain covered excludes client transportation that is not operated by the company.

GE 4.1 PRODUCT / SERVICE-SPECIFIC INTERVENTIONS

DESCRIPTION & REQUIREMENTS	**GE 4.1 PRODUCT / SERVICE-SPECIFIC INTERVENTIONS**
SHORT DESCRIPTION OF INDICATOR	An analysis of the company’s reporting of recent and planned interventions to reduce upstream & downstream scope 3 GHG emissions for the most relevant purchased and produced products / services.
TOURISM VARIATION	For a tourism company assessment, emissions from non-operated client transportation are excluded from hotspots and the hotspot relative size must be calculated by excluding this transportation from the calculation.
RATIONALE	In the ACT Tourism addendum, the non-operated client transportation is assessed mostly in other modules (7 and 9) and interventions made by the company to address other hotspots are assessed in module 4, without considering any weight for non-operated client transportation emissions.

GE 4.2 TREND IN PAST PRODUCT / SERVICE SPECIFIC PERFORMANCE

DESCRIPTION & REQUIREMENTS	GE 4.2 TREND IN PAST PRODUCT/SERVICE SPECIFIC PERFORMANCE
SHORT DESCRIPTION OF INDICATOR	A measure of the alignment of the past trend of the company's emissions (emissions related to purchased and sold product/service's) with the low-carbon benchmark pathway. The indicator will compare the gradient of this trend over a 5-year period to the reporting year (RY- 5) with the low-carbon benchmark pathway trend over a 5-year period after RY.
TOURISM VARIATION	For a tourism company assessment, emissions from non-operated client transportation are excluded.
RATIONALE	In the ACT Tourism addendum, non-operated client transportation is assessed qualitatively in other modules (7 and 9) and companies are not required to disclose GHG emissions figures for this particular topic.

GE 4.4 SUB-CONTRACTED TRANSPORT SERVICE PERFORMANCE

DESCRIPTION & REQUIREMENTS	GE 4.4 SUB-CONTRACTED TRANSPORT SERVICE PERFORMANCE
SHORT DESCRIPTION OF INDICATOR	This indicator is a qualitative assessment of the degree of knowledge the company has about its transport service subcontractors' performance, and about the subcontractors' performance itself.

Tourism variation	For a tourism company assessment, the share of GHG emissions from spot contracts must be set to 0%.
Rationale	In the tourism sector, there is no such thing as spot contracts as sub-contracted transport services relate to passenger transportation and not freight transportation.

4.3. MODULE 7: CLIENT ENGAGEMENT

Module 7, “Client engagement”, assesses the company’s engagement efforts to influence client behaviour to reduce its greenhouse gas emissions. This module assesses the company’s strategy to engage with its clients or customers to reduce emissions. It assesses existing activities, initiatives and partnerships, launched by the company to influence clients to reduce emissions.

GE 7.1 STRATEGY TO INFLUENCE CUSTOMER BEHAVIOUR TO REDUCE THEIR GHG EMISSIONS

Description & Requirements	**GE 7.1 Strategy to influence customer behaviour to reduce their GHG emission**
Short description of indicator	The company has a strategy, ideally governed by policy and integrated into business decision making, to influence, enable, or otherwise shift customer choices and behaviour in order to reduce GHG emissions.
Tourism variation	This variation will only be triggered for companies that do not operate client transportation: the maturity matrix has been modified to emphasise the importance of considering client transportation in the company’s transition plan.

DATA REQUIREMENTS

The relevant data for this indicator are:

- GHG assessment on client transportation
- Strategy to influence customer GHG emissions
- % of products/services
- Data on customer' choices and preferences towards reducing GHG emissions

HOW THE ASSESSMENT WILL BE DONE

The assessment will assign a maturity score based on the company's formalised, written strategy regarding its engagement with its customers, especially regarding client transportation, expressed in a maturity matrix.

Question	Subdimension	Basic	Standard	Advanced	Next practice	Low-carbon aligned	Weighting
Associated score		***0%***	***25%***	***50%***	***75%***	***100%***	
Has the company measured emissions related to client transportation ?	*Measurement*	No measurement	A measurement has been made, mostly based on proxy and generic data, covering a minor part of the emissions.	A measurement has been made, mostly based on proxy and generic data, covering a major part of the emissions (> 80%).	Measurement is based on partial real data, collected once in the last 5 years, covering a major part of the emissions (> 80%)	Measurement done on partial real data, collected at reporting year, covering a major part of the emissions (> 80%)	***25%***
What action levers† are embedded in the company's strategy to reduce client transportation emissions?	*Action levers*	No action levers† embedded in strategy.	Strategy includes action lever(s) from one of the four engagement types (Education/information sharing; Collaboration & innovation; Compensation;	Strategy includes action lever(s) from two of the four engagement types (Education/information sharing; Collaboration & innovation; Compensation,	Strategy includes action lever(s) from three of the four engagement types (Education/information sharing; Collaboration & innovation; Compensation, Customer	Strategy includes action lever(s) from all four of the four engagement types (Education/information sharing; Collaboration & innovation; Compensation,	***40%***

			Customer motivation via marketing and choice architecture)†.	Customer motivation via marketing and choice architecture)†.	motivation via marketing and choice architecture)†.	Customer motivation via marketing and choice architecture)†.	
Has the company set quantitative targets to reduce client transportation emissions?	*Targets*	None or insignificant target to address client transportation emissions	The company has set a target without specifying the coverage.	The company has set one target that covers >50% of client transportation emissions, for either short or long term	The company has set targets covering >95% client transportation emissions for both near and long term	The company has targets aligned with a 1.5°C scenario for >95% of client transportation emissions, for near and long term, leading to a low-carbon client transportation	***20%***
What action levers† are embedded in the company's strategy to encourage clients to reduce their emissions not related to transportation ?	*Action levers† embedded in strategy*	No action levers† embedded in strategy.	Strategy includes action lever(s) from one of the four engagement types (Education/information sharing; Collaboration & innovation; Compensation; Customer motivation via marketing and choice architecture)†.	Strategy includes action lever(s) from two of the four engagement types (Education/information sharing; Collaboration & innovation; Compensation, Customer motivation via marketing and choice architecture)†.	Strategy includes action lever(s) from three of the four engagement types (Education/information sharing; Collaboration & innovation; Compensation, Customer motivation via marketing and choice architecture)†.	Strategy includes action lever(s) from all four of the four engagement types (Education/information sharing; Collaboration & innovation; Compensation, Customer motivation via marketing and choice architecture)†.	***15%***

† Action levers must be embedded in a strategy document, and not be presented as examples of past/present actions/initiatives (such examples should be scored in indicator 7.2). "Action levers" include, but are not limited to, the following individual action levers, which are grouped into four engagement types (sources: 2022 CDP climate change questionnaire C12.1a (4), (5):

- Education/information sharing

- Run an engagement campaign to educate customers about the quantified climate change impacts of (using) actions, products, goods, and/or services
    - E.g., highlight the possibility of using low-carbon transportation and the impact difference
    - E.g., promote the activities of touristic companies that are low-carbon aligned
- Share environmental information (e.g., quantified GHG emissions) about choices clients can make and relevant certification schemes (i.e., Energy STAR)
- Provide documents and tools

- Collaboration & innovation
    - Run a campaign to encourage innovation to reduce climate change impacts
    - Collaborate with downstream segments of the value chain to foster circular end-of-life treatment of products and downstream logistic efficiency
    - Organise multi-party working group with meetings taking place at least annually
- Compensation
    - Provide rebates for environmentally friend actions
- Customer motivation via marketing and choice architecture ("nudging")
    - Design marketing campaigns/choice architecture aiming to indirectly encourage customers to reduce their emissions

RATIONALE	GE 7.1 STRATEGY TO INFLUENCE CUSTOMER BEHAVIOUR TO REDUCE THEIR GHG EMISSIONS
RATIONALE OF THE INDICATOR	**RELEVANCE OF THE INDICATOR:** Client transportation is usually the main source of emissions in the tourism sector but is not always assessed in GHG accounting when the company does not operate client transportation. However, it is important that the client strategy addresses it. The maturity matrix allows the assessor to assess companies that measure it but also to enhance strategies that use action levers to tackle these emissions. One question in the matrix covers action levers used to address client-related emissions from other sources to also highlight strategies for reducing these emissions.

GE 7.2 ACTIVITIES TO INFLUENCE CUSTOMER BEHAVIOUR TO REDUCE THEIR GHG EMISSIONS

Description & Requirements	**GE 7.2 Activities to influence customer behaviour to reduce their GHG emissions**
Short description of indicator	This indicator assesses the extent to which the company implements activities and initiatives that help, influence or otherwise enable customer to reduce their GHG emissions. The indicator aims to be a holistic measure of these activities and initiatives, with evidence of implementation and outcomes in the value chain across all products/services.
Tourism variation	This variation will only be triggered for companies that do not operate client transportation: the maturity matrix has been modified to emphasise the importance of considering client transportation in the company's transition plan.
Data requirements	The relevant data for this indicator are: ▪ Activities to influence clients GHG emissions ▪ % of products/services ▪ Data on clients' choices and preferences towards reducing GHG emissions
How the assessment will be done	The assessment will assign a maturity score based on the company's demonstration of recent and current activities and initiatives with its clients, especially regarding client transportation, expressed in a maturity matrix.

Question	Sub-dimension	Basic	Standard	Advanced	Next practice	Low-carbon aligned	Weighting
Associated score		***0%***	***25%***	***50%***	***75%***	***100%***	
What action levers* does the company use in practice to encourage clients to reduce their transportation-related emissions?	*Action levers* used in practice*	No evidence of action levers* used in practice.	Evidence of company responding only to customer demand without leading the change with one of engagement types (Education/information sharing;	Evidence of company using action lever(s) from ONE of the four engagement types (Education/information sharing; Collaboration & innovation;	Evidence of company using action lever(s) from TWO of the four engagement types (Education/information sharing; Collaboration & innovation;	Evidence of company using action lever(s) from AT LEAST THREE of the four engagement types (Education/information sharing; Collaboration &	***30%***

			Collaboration & innovation; Compensation; Customer motivation via marketing and choice architecture).*	Compensation; Customer motivation via marketing and choice architecture).*	Compensation; Customer motivation via marketing and choice architecture).*	innovation; Compensation; Customer motivation via marketing and choice architecture).*	
What is the scope of the recent and current activities in client engagement relative to transportation?	*Scope*	No clients engaged°.	Clients engaged° represent up to 30% of revenues OR up to 30% of client transportation-related scope 3 emissions.	Clients engaged° represent 31-60% of revenues OR 31-60% of client transportation-related scope 3 emissions.	Clients engaged° represent 61-90% of revenues OR 61-90% of client transportation-related scope 3 emissions.	Clients engaged° represent over 90% of revenues OR over 90% of client transportation-related scope 3 emissions.	***40%***
How impactful has the company's client engagement been (all emissions considered)?	*Impact of engagement†*	No evidence of impact† of action levers used.	Some action levers used have qualitative evidence of impact†.	Almost all action levers used have qualitative evidence of impact†.	Some action levers used have quantitative evidence of impact†.	Almost all action levers used have qualitative and quantitative evidence of impact†.	***30%***

* Action levers must be presented as examples of past/present actions/initiatives, and not be theoretical/embedded in a strategy document (such examples should be scored in indicator 7.1). "Action levers" include but are not limited to as per indicator *7.1 Strategy to influence clients to reduce their GHG emissions.*

° A client engaged in the decarbonisation of his transportation is one that uses at least one of the levers used by the company to reduce emissions. For example, it can be a client who used the program of discount set by the company for client using low-carbon transportation, or a client who participated in an educational workshop on the topic.

† The metric used to measure impact depends on the action lever the metric refers to. Examples of "evidence of impact" might include, but are not limited to:

- Qualitative example: Feedback from clients saying that they appreciate and will use this new knowledge to start their journey on the low-carbon transition
- Quantitative example: Evidence that engaged clients have reduced their use-phase GHG emissions by X%

RATIONALE	GE 7.2 ACTIVITIES TO INFLUENCE CLIENTS TO REDUCE THEIR GHG EMISSIONS
RATIONALE OF THE INDICATOR	**RELEVANCE OF THE INDICATOR:** Client transportation is usually the main source of emissions in the tourism sector but is not always assessed in GHG accounting when the company does not operate client transportation. However, it is important that the company has actions to address the reduction of client transportation emissions. The maturity matrix allows the assessor to value companies that use action levers to tackle these emissions and assesses the effectiveness of it.

4.4. MODULE 9: BUSINESS MODEL

In the tourism sector, some companies may need to transition from one business model to another due to a lack of compatibility between their activities and a low-GHG emissions economy. Many products or services sold to tourists are not carbon-intensive in themselves but are part of a value chain that include transportation and therefore could be considered in its totality as a high-carbon activity.

It is then important to consider both the product/service and the entire value chain to describe the carbon intensity of the business model.

It is difficult to define what is a low-carbon product or service in the tourism sector because there is a very wide range of activities that can be classified as touristic, from a museum to a safari tour operator for example. No sectoral benchmark can cover all these activities. This is why the ACT Tourism addendum provides guidance on how to consider a low-carbon activity while leaving companies some freedom to properly define it.

DEFINING "LOW-CARBON BUSINESS MODEL"

A business model is a plan for performing activities that transform inputs (labour, capital, equipment, land, buildings, materials, and information) into outputs (products and services) that provide added value to customers and create value for the company. It includes sources of revenue, the intended customer base, and details of financing.

A low-carbon business model is one that is based primarily around a set of inputs, activities and/or outputs which are considered to contribute substantially to climate change mitigation.[2] There are two main categories of business model that can be classed as low-carbon, but the tourism sector covers mostly the first one:

- *Aligned/transitional* business models. These are either widely recognised as low-carbon solutions (for instance, by recognised taxonomies of sustainable activities), or have GHG emissions that are substantially lower than the sector or industry average, do not hamper the development and deployment of low-carbon alternatives, do not lead to a lock-in of assets incompatible with the objective of climate change mitigation, considering the economic lifetime of those assets, and do no significant harm to the environment.
    - E.g., bicycle tour operator or a nature guide company;
    - An example of a business model that would not be categorised as low-carbon would be the rental of an accommodation in a location that is only accessible by long-distance flights.
- *Enabling/contribution* business models. These are business models that enable other activities/companies/sectors to make a substantial contribution to climate change mitigation, provided that the enabling business models do not lead to a lock-in of assets incompatible with the objective of climate change mitigation, considering the economic lifetime of those assets.
    - E.g., producing batteries for renewable energy storage; building transmission & distribution infrastructure to enable the shift to renewable generation; providing sustainability services to the buildings sector, reducing energy demand, etc.

Defining "high-carbon business model"

A high-carbon business model is one which is not based primarily around a set of inputs, activities and/or outputs which are considered to contribute substantially to climate change mitigation. As such, a high-carbon business model may:

- have GHG emissions that are not substantially lower than the sector or industry average, and may be substantially higher;
    - An example of high-carbon business model could be a cruise travel company that have a significantly higher carbon intensity per day per passenger than that of an average tourist for the same type of services (e.g. accommodation, transport and food).
- hamper the development and deployment of low-carbon alternatives;
- lead to a lock-in of assets incompatible with the objective of climate change mitigation, considering the economic lifetime of those assets.

[2] Definitions are partially based on the EU Taxonomy regulation: https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32020R0852

Defining "low-carbon products and services"

A low-carbon product or service is the output of a low-carbon business model (following the definition in the section above, "Defining 'low-carbon business model'").

GE 9.1 Revenue from low-carbon products and/or services

Description & Requirements	GE 9.1 Revenue from low-carbon products and/or services
Short description of indicator	This indicator assesses the company's low-carbon definition and its overall share of revenue from low-carbon products and services, as well as whether this share is increasing over time.
Tourism variation	In the ACT Tourism addendum, the indicator also assesses how the company defines a low-carbon product or service.
Data requirements	The questions comprising the information request that are relevant to this indicator are: ▪ The definition of low-carbon product or service used by the company ▪ Description of the types of products and services the company considers to be low-carbon ▪ Revenue from low-carbon products and services, and total revenues, for each year (from RY-3 to RY) Public sources of data used for the analysis of this indicator include, but are not limited to: ▪ Company financial statements showing breakdown of revenue by business segment.
How the assessment will be done	The assessor will first assess the definition that the company uses to categorise what is a low-carbon product or service, following the guidance from the section Defining "low-carbon products and services" in the module 9 introduction. The rest of assessment remains the same as in ACT Generic methodology.

The maturity matrix is provided below:

	Basic	Standard	Advanced	Next practice	Low-carbon aligned	
Associated score	0%	25%	50%	75%	100%	**Weighting**
Does the company have a definition of a low-carbon product or service?	There is no definition used by the company	There is a definition of a low-carbon product or service, but it does not build on external sources	There is a definition of a low-carbon product or service based on external sources, but the definition is not associated with quantitative impacts indicators	There is a definition of a low-carbon product or service, with quantitative indicators and based on external sources, but these indicators don't cover all emissions	There is a precise definition, with quantitative indicators, based on external sources. The level of ambition of the quantitative indicators are aligned with sectoral references and makes it possible to cover all emissions	30%
Share of revenue from low-carbon products and/or services* in reporting year	≤ 25% of the company's revenue is from low-carbon products and/or services	26 to 50% of the company's revenue is from low-carbon products and/or services	51 to 75% of the company's revenue is from low-carbon products and/or services	76 to 95% of the company's revenue is from low-carbon products and/or services	> 95% of the company's revenue is from low-carbon products and/or services	50%
Trend over time (RY-3 to RY)	Share of the company's revenue from low-carbon products and services is decreasing by at least 1% on average	-	Share of the company's revenue from low-carbon products and services is not changing significantly (increasing or decreasing by less than 1% on	-	Share of the company's revenue from low-carbon products and services is increasing by at least 1% on average annually (RY-3 to RY)	20%

	annually (RY-3 to RY)		average annually) (RY-3 to RY)			

* Low-carbon products/services as defined by the company

RATIONALE	**GE 9.1 REVENUE FROM LOW-CARBON PRODUCTS AND/OR SERVICES**
RATIONALE OF THE INDICATOR	See module 9 introduction for generic related questions. For the tourism variation of the indicator, this modification results from the difficulty for actors in the tourism sector to define a low-carbon product or service. This sector is very diverse and can cover different company profiles such as a single campsite or a cruise tour operator. Therefore, there is no sectoral benchmark that could be used to define a low-carbon product or service and that would be relevant for all companies in the sector. Each company can build or use a definition that can apply to its activities, if the rationale makes sense regarding the current state of the sector and is aligned with a low-carbon economy scenario. The assessment of the relevance of the definition used is then up to the assessor, following the guidance from the section Defining “low-carbon products and services” in the module 9 introduction.

GE 9.3 SHARE OF PRODUCT/SERVICE SALES USED IN CLIENT LOW-CARBON PRODUCTS/SERVICES

DESCRIPTION & REQUIREMENTS	**GE 9.3 SHARE OF PRODUCT/SERVICE SALES USED IN CLIENT LOW-CARBON PRODUCTS/SERVICES**
SHORT DESCRIPTION OF INDICATOR	A measure of the company contribution to decarbonize its value chain through the share of its products/services sales used by final low-carbon products/services/activities.

TOURISM VARIATION	This indicator will not be triggered for companies in the tourism sector, as they do not meet the prerequisite: this indicator is only applicable for company operating upstream of an emissive activity (i.e sectors covered by an ACT sectoral methodology[3]), producing a part of the final product (e.g. transport equipment manufacturer).

GE 9.4 SHARE OF LOW-CARBON CLIENTS

DESCRIPTION & REQUIREMENTS	**GE 9.4 SHARE OF LOW-CARBON CLIENTS**
SHORT DESCRIPTION OF INDICATOR	A measure of the extent to which the client transportation is low-carbon.
TOURISM VARIATION	In the tourism industry, a business model can be low-carbon aligned only if clients have low transportation emissions. Two main levers are available for that: distance and means of transportation. This indicator assesses the proportion of clients who can be considered low-carbon.
DATA REQUIREMENTS	The relevant data for this indicator are: ▪ Travelling distance of clients ▪ Means of transportation of clients

[3] Retail, electricity, automotive, buildings, cement, transport, oil & gas, agriculture and agrifood, iron & steel, aluminium, chemicals, glass, pulp & paper

How the assessment will be done	The assessor will calculate the share of clients who come from a small distance (< 1,000 km) or use low-carbon transportation means. A low-carbon means of transportation has a zero direct tailpipe CO_2 emissions (6). The score is calculated using the following formula: $$Score = Share\ of\ low\ carbon\ clients\ \times \frac{1}{80\%}$$ A company whose share of "low-carbon clients" exceeds 80% of its total clients will receive the highest score.
Rationale	**GE 9.4 Share of low-carbon clients**
Rationale of the indicator	This indicator emphasises the fact that if the tourism sector doesn't tackle emissions from client transportation, there is no room for a low-carbon tourism sector. This maturity matrix assesses the share of clients that could be compatible with tourism in a low-carbon economy, by measuring distance and carbon intensity of the means of transportation. The distance of 1,000 km refers to what could be an intranational tourism for most countries, with a wide possibility of transportation choices. Clients coming from over 1,000 km away but using low-carbon means of transportation can also be considered in the share of low-carbon clients.

4.5. WEIGHTINGS

When a company is assessed using ACT Generic methodology, two questions determine whether a company should be assessed using the ACT Tourism addendum or not (Figure 2):

- Does the company operate in the tourism sector?
- Does the company operate or subcontract the transportation of its clients (more than 80% of the client transportation operated, from a GHG emissions perspective)?

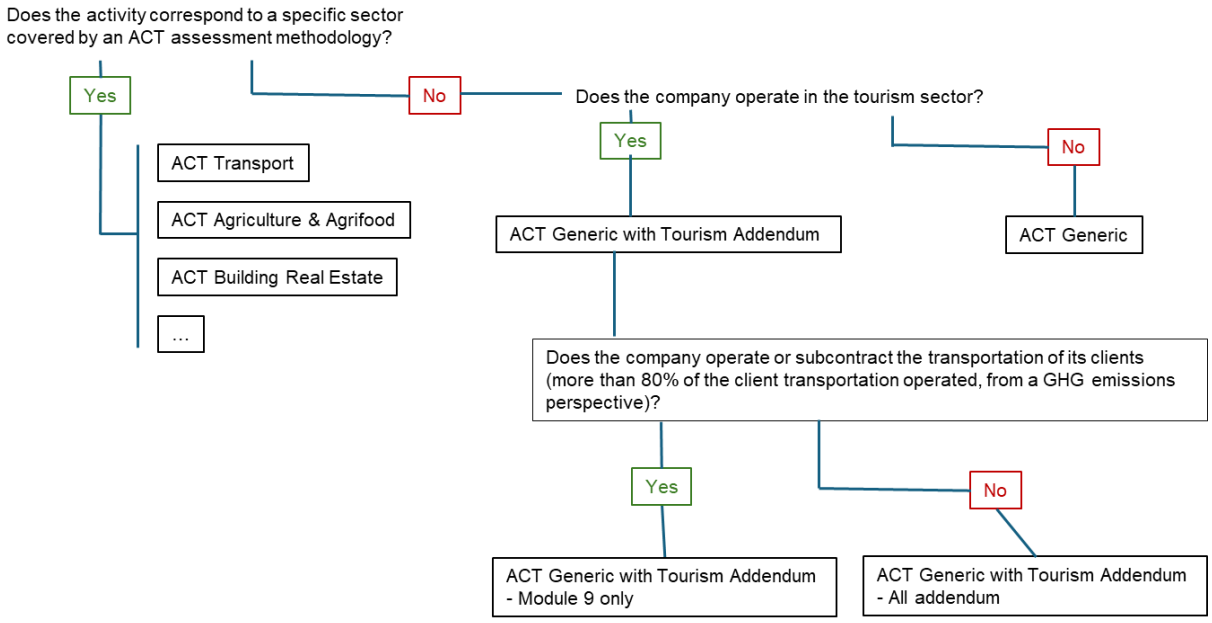

FIGURE 2:DETAILED SCOPE OF TOURISM ADDENDUM

When the company operates in the tourism sector without operating the transportation of its clients:

- Modules 1 and 4 only address GHG emissions that are not related to client transportation.
- Module 7 focuses more on client transportation than the ACT Generic methodology. To make these client transportation related questions as important as they should be, the weight of module 7 is set at 15%. Additionally, the weight of module 6 is set at 5%. That is the only difference with the ACT Generic module weights.

When the company operates in the tourism sector but operates or subcontracts most of the transportation of its clients, deviations from ACT Generic modules are only seen for module 9 (scoring setup and weight).

TABLE 1: MODULE WEIGHTS (THE DIFFERENCES WITH ACT GENERIC ARE HIGHLIGHTED IN BOLD TEXT)

Module	Module weight name	Module weight for tourism companies not operating / subcontracting client mobility	Module weight for tourism companies operating / subcontracting client mobility
Targets	M1	15%	15%
Material investments	M2	0-35%	0-35%

Intangible investments	M3	0-5%	0-5%
Indirect operations	M4	0-35%	0-35%
Management	M5	10%	10%
Supplier	M6	**5%**	0-20%
Client	M7	**15%**	0-20%
Policy engagement	M8	5%	5%
Business model	M9	10-15%	10-15%

TABLE 2: INDICATOR WEIGHTS (THE DIFFERENCES WITH ACT GENERIC ARE HIGHLIGHTED IN BOLD TEXT)

GE	Module	Indicator	Module weight	Indicator weight
1.1	Targets	Alignment of scope 1+2emissions reduction targets	15%	share of scope 1+2 emissions *12%
1.2		Alignment of upstream scope 3 emissions reduction targets		share of scope 3 upstream emissions * 12%
1.3		Alignment of downstream scope 3 emissions reduction targets		share of scope 3 downstream emissions * 12%
1.4		Time horizon of targets		2%
1.5		Achievement of past and present targets		1%
2.1	Direct operations	Trend in past emissions	M2	1/12*M2*L +1/8*M2*(1-L)
2.2		Trend in future emissions		1/4*M2*L +3/8*M2*(1-L)
2.3		Share of low-carbon CAPEX		1/3*M2*L +1/2*M2*(1-L)
2.4		Locked-in emissions		1/3*M2*L
3.1	Intangible Investment	R&D in low-carbon technologies	M3	0% or 2.5%
3.2		Company low-carbon patenting activity		0% or 2.5%
4.1	Indirect operations	Product/service-specific interventions	M4	M4*1/4 or M4*1/3 or M4*1/2
4.2		Trend in past product / service specific performance		M4*1/4 or M4*1/3 or M4*1/2
4.3		Locked-in emissions from sold products		0% or M4*1/4 or M4*1/3
4.4		Sub-contracted transport service performance		0% or M4*1/4 or M4*1/3
5.1	Governance	Oversight of climate change issues	10%	3%
5.2		Climate change oversight capability		3%
5.3		Low-carbon transition plan		2%
5.4		Climate change management incentives		1%

5.5	Supplier engagement	Climate change scenario testing	M6 **(5% if client transportation not operated)**	1%
6.1		Strategy to influence suppliers to reduce their GHG emissions		1/2*M6
6.2		Activities to influence suppliers to reduce their GHG emissions		1/2*M6
7.1	Client engagement	Strategy to influence customer behaviour to reduce their ghg emissions	M7 **(15% if client transportation not operated)**	1/2*M7
7.2		Activities to influence customer behaviour to reduce their GHG emissions		1/2*M7
8.1	Policy engagement	Company policy on engagement with associations, alliances, coalitions or thinktanks	5%	1%
8.2		Associations, alliances, coalitions or thinktanks supported do not have climate-negative activities or positions		2%
8.3		Position on significant climate policies		1%
8.4		Collaboration with local public authorities		1%
9.1	Business model	Revenue from low-carbon products and/or services	M9	[1/3*M9 or 2/3*70% M9] or [50%*M9 or 70%*M9]
9.2		Changes to business models		[1/3*M9 or 2/3*30% M9] or [50%*M9 or 30%*M9]
9.3		Share of product/service sales used in client low-carbon products/services		**0%**
9.4		**Share of low-carbon clients**		**1/3*M9 or 0%**

Indicator with fixed weight

Indicator with variable weight based on weighting scheme tool

Indicator with variable weight based on other questions

Note: L is the share of company's scope 1+2 emissions linked to its own buildings and/or own fleet.

4.6. NARRATIVE SCORING

The narrative scoring process of the ACT Tourism addendum follows the ACT Generic one but it can also emphasise the importance of the strategy around client transportation. These following questions can be added in the assessment:

- Business model and strategy: What is the targeted audience for product/service advertisement? Is the business model based on carbon-intensive transportation?
- Consistency and credibility: Is client transportation integrated into the company's strategy? Are related GHG emissions collected/monitored? What are the associated actions/objectives?
- Risk: How much do company's activities and related revenues depend on international tourism? On carbon-intensive transportation?

4.7. TREND SCORING

The trend scoring process follows the ACT Generic one. The relevant performance indicators are the same.

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