UTENDE BEACH MAFIA ISLAND

COMPLYING WITH THE EUROPEAN UNION PARIS AGREEMENT CLIMATE REGULATIONS

In the EU, the tourism industry's environmental impacts (and over-tourism) are under the purview of the Paris Agreement conditions that were established in 2015 and are being progressively implemented among the signatory countries. Scope 3 greenhouse gas (GHG) emissions, which link to a company's activities but occur outside of the company's operational control across its value chain, vary across businesses and sectors, but on average account for over 80% of corporate carbon footprints[1]. Accounting for these emissions is critical for businesses to understand their total C and GHG output associated with their investments and operations to growing compliance requirements and the reach of corresponding legislation (to comply with 'net zero' commitments of the EU (and other states and territories) and evolving regulatory standards, such as CSRD). However, reliable methodologies – and corresponding standards for compliance - to track these emissions and gaps in the data, make it extremely challenging for investors to systematically assess Scope 3 emissions (and what can be done about them) and to factor the requirements inro investment and operational processes to comply with evolving reporting requirements. In addition there are as yet no international-agreed standards for measurement and compliance, a space that has been filled by organisations creating methodologies and monitoring that is still in its early permutations.

Although details (compliance specifics and methodology for data and reporting) are still evolving, the Corporate Sustainability Reporting Directive (CSRD introduced in the European Union (EU) in 2023 (https://www.corporate-sustainability-due-diligence-directive.com/), will have implications for African travel companies with connections to the European market, as the legislation forces greater transparency in reporting on sustainability practices of large companies and their value chains.[2]

At this time the CSRD requires large and listed companies to report on their sustainability risks and impact. Disclosure of sustainability, performance and risk management

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[1] **Scope 3 emissions** are indirect greenhouse gas emissions that occur in a company's value chain, encompassing activities not directly owned or controlled by the reporting organization, but that the organization indirectly affects, such as upstream and downstream emissions.

[2] **What is the Corporate Sustainability Due Diligence Directive (CSDDD)?** The CSDDD introduces the obligation for companies to conduct appropriate **human rights and environmental due diligence** with respect to their operations, operations of their subsidiaries, and operations of their business partners in companies' chains of activities.

The due diligence process set out in the CSDDD covers the **six steps** defined by the OECD Due Diligence Guidance for Responsible Business Conduct:

- **(1)** integrating due diligence into policies and management systems,
- **(2)** identifying and assessing adverse human rights and environmental impacts,
- **(3)** preventing, ceasing or minimising actual and potential adverse human rights, and environmental impacts,
- **(4)** assessing the effectiveness of measures,
- **(5)** communicating (*ie reporting*)
- **(6)** providing remediation.

strategies will filter to smaller companies within their supply chains. These regulations are intended to boost tourism transparency with mandatory reporting on environmental, social and governance attributes, such as employment and sustainability impacts.

Another noteworthy emerging regulation is the Corporate Sustainability Due Diligence Directive (CSDDD) that compels companies to identify and address adverse human and environmental impacts in their operations and supply chain partners. While current focus is on large companies, there will be an impact on the African tourism supply chain. There is increasing pressure for **transparency** and **measurement** of sustainability initiatives and a push to reduce any negative impacts of tourism on local communities.

In the case of tourism, the implication is that downstream suppliers to EU airlines, travel agents and tour operators will also need to be compliant and be able to report their ESG policies and activities in the formats required by the EU regulations. B2B partners will be called to account correctly, as companies based and headquartered in the EU are expected to suffer the implications and ramifications of non-compliance by their suppliers.

The four main elements that need to be tracked are:

1. Carbon balance sheet and transition reduction of net Carbon output
2. Waste reduction and handling (biodegradable, non-biodegradable)
3. Staff wellbeing, conditions of employment and legal compliance
4. Community impact (balance sheet of business operations) management

In 2015 we completed a comprehensive human resource development (HRD) policy, reflecting the national government's desire for investors to carry out training and drive welfare improvements through employment in the private sector. The policy as actionable and is closely related to our governance review process under the company's Environment Social & Governance process (ESG), as most of our employees come from the local community with which we interact. Under this we also assess obstacles and impacts on our performance and costs deriving from policies and actions in the business environment existing in local and national government institutions and other members of the business sector with whom we deal directly (regulatory headwinds and unfair competition). The issue of this 'business environment' can have a very substantial impact on private sector capacity, administrative performance and 'hidden' costs.

Kinasi has installed Tanzania's first green rooves on 10 guest rooms & 5 service buildings

At Kinasi we began our environment ‘footprint’ journey with the very earliest draft environmental impact guidelines for accommodation construction and operations in Tanzania’s national parks (1993). Later, guidelines and conditions were set by the Marine Parks & Reserves (our business is located in a national marine park) and the National Environment Management Council regulations, and these were employed to carry out a retroactive environmental impact assessment (EIA) in 2018.

Following the EIA process, we carry out an annual spreadsheet-based review of each of the identified environmental impact criteria to measure progress to goals and quantify transition achievements and costs to meet Net Zero through recycling, solar energy and regenerative agriculture.

Solar hot water mounted on the green roof system

The EIA process in Tanzania investigates the corporate’s environment, social and governance system (ESG). It is a functioning process in our management, along with *kaizen* principles of involving our staff team in improving the quality of work, standard of services, efficiency and working conditions in the business.

Recycling at Kinasi: food waste with garden material from weeding & pruning produces valuable compost