



#### A Message from Leadership

**About Destination Canada** 

About This Report

**GOVERNANCE** 

**STRATEGY** 

**RISK MANAGEMENT** 

**METRICS & TARGETS** 

### A MESSAGE FROM LEADERSHIP

We are proud to share Destination Canada's inaugural Task Force on Climate-related Financial Disclosures (TCFD) report, a foundational step in our journey to greater transparency, accountability and climate resilience.

This report reflects our commitment to align with the <u>TCFD recommendations</u> and integrate climate considerations into the way we operate, plan and make decisions. While this report focuses on Destination Canada's operations, we know that climate change touches every part of the tourism sector. We believe leadership starts at home.

At Destination Canada, we see tourism as a powerful force for good. It strengthens communities, sustains livelihoods, and celebrates the people and places that define our country. This vision for tourism's future is only possible if we are good stewards of our natural environment. That is why we are embracing a regenerative approach, one that restores, improves and gives back more than it takes.

We are taking meaningful steps within our own organization:

- → We have embedded climate risk into our risk management and governance processes, ensuring our Board and executive team have clear visibility on emerging threats and opportunities.
- → We have developed our <u>Tourism 2030</u>: A World of Opportunity strategy to take into account scenario planning and a regenerative approach to tourism. This strategy aligns our work with climate resilience, supporting seasonal dispersion and new tourism corridors that respond to the realities of a changing climate.
- → We are creating a culture of sustainability within Destination Canada through initiatives like our Environmental Sustainability Committee, internal education and more responsible procurement practices.
- → We are measuring and disclosing our Scope 1 and 2 greenhouse gas (GHG) emissions and developing a Climate Action Plan as part of our commitment to the Government of Canada's Net-Zero Challenge and the Glasgow Declaration.



**Liza Frulla**Chair of the Board of Directors,
Destination Canada



Marsha Walden
President & CEO,
Destination Canada

We know that no single organization can solve this challenge alone, but we believe that by working together we can make meaningful progress. We hope that by starting within our own organization, we can model what is possible and inspire the conditions for the entire sector to thrive in a changing world.

The future of Canadian tourism depends on the actions we take today. Let us make sure that future is vibrant, inclusive and sustainable for our guests, our communities and generations to come.

DESTINATION CANADA | 2024 TCFD REPORT | INTRODUCTION



A Message from Leadership

**About Destination Canada** 

**About This Report** 

**GOVERNANCE** 

**STRATEGY** 

**RISK MANAGEMENT** 

**METRICS & TARGETS** 



## ABOUT DESTINATION CANADA

Destination Canada is a federal Crown corporation wholly owned by the Government of Canada, reporting to the Minister of Tourism and Minister responsible for the Economic Development Agency of Canada for the Regions of Quebec (as at December 31, 2024).

Established under the Canadian Tourism Commission Act in 2001, our legislative mandate is to:

- → Sustain a vibrant and profitable Canadian tourism industry
- → Market Canada as a desirable tourist destination
- → Support a cooperative relationship between the private sector and the governments of Canada, the provinces and the territories with respect to Canadian tourism
- → Provide information about Canadian tourism to the private sector and to the governments of Canada, the provinces and the territories

Our mission is to influence supply and build demand for the benefit of locals, communities and visitors through strategic development, leading research, alignment with public and private sectors, and marketing Canada internationally to attract leisure travellers and business events.

Our work supports the growth of Canada as a premier four-season tourism destination that ensures economic vitality while building greater resilience for the future. In short, our aspiration is for tourism to generate wealth and wellbeing for all of Canada and enrich the lives of our guests.

DESTINATION CANADA | 2024 TCFD REPORT | INTRODUCTION



A Message from Leadership

**About Destination Canada** 

**About This Report** 

**GOVERNANCE** 

**STRATEGY** 

**RISK MANAGEMENT** 

**METRICS & TARGETS** 

## ABOUT THIS REPORT

This inaugural TCFD report reinforces Destination Canada's commitment to transparency and accountability in how we manage our climate-related risks and opportunities across our organization.

Climate change is now widely recognized as a key source of risk. Its physical impacts, such as more frequent extreme weather events, and transitional impacts, including regulatory changes and evolving market expectations, can significantly affect organizations' operations. The TCFD was established in 2015 by the Financial Stability Board to develop a framework that helps organizations and their stakeholders better understand and act on climate-related risks and opportunities, enabling more informed decisions and sustainable, resilient solutions, opportunities and business models.

In alignment with the Government of Canada's Budget 2021 decision, Destination Canada demonstrates climate leadership by adopting TCFD standards as an element of our corporate reporting. As a Crown corporation with less than \$1 billion in assets, Destination Canada is reporting on our fiscal year beginning in calendar year 2024.

Destination Canada's TCFD Report reflects our commitment to ensuring that our climate-related reporting is clear, consistent and valuable to our stakeholders. It provides a comprehensive look at how Destination Canada identifies, assesses and manages climate-related risks and opportunities across four key areas of the TCFD

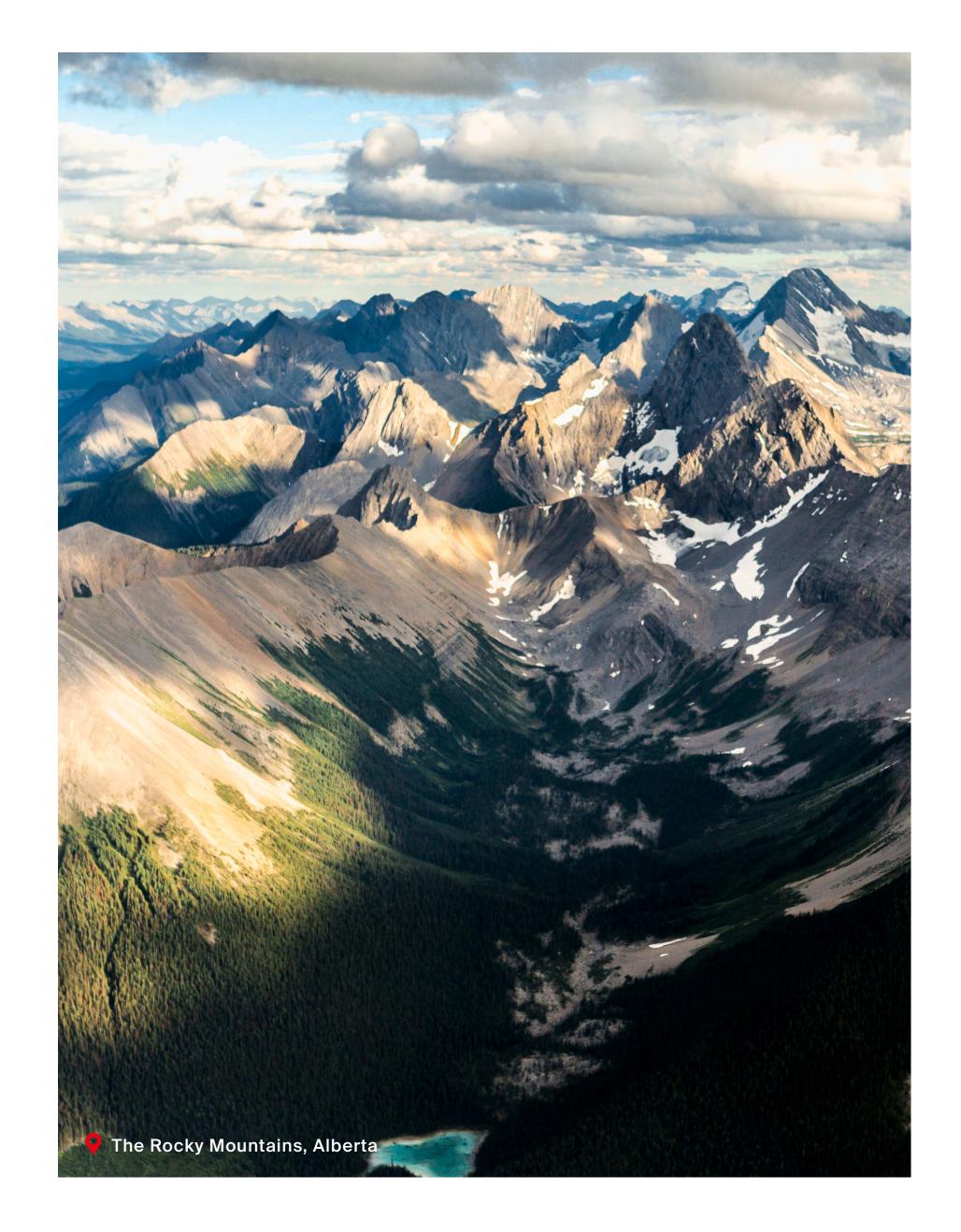
recommendations: **Governance, Strategy, Risk Management, and Metrics & Targets**.

## The boundaries of this Report are constrained to the staff, footprint and activities of our organization:

- → Reporting period: from January 1, 2024 to December 31, 2024
- → Business locations: headquarter in Vancouver and offices in Ottawa, Tokyo and Beijing

While our report is focused on Destination
Canada's internal operations (and not the
broader tourism industry), we recognize that the
impact of climate on the tourism industry will
directly impact our organization. As you read
through the report, please take note that:

- → certain data points may be subject to estimation or approximation due to limitations in data availability or measurement methodologies
- → this report contains forward-looking statements that are based on current expectations and assumptions, which are subject to risks and uncertainties



DESTINATION CANADA I 2024 TCFD REPORT I INTRODUCTION



**GOVERNANCE** 

#### **Approach to Governance**

**Board-Level Oversight** 

**Management Oversight** 

Next Steps for Governance

#### **STRATEGY**

**RISK MANAGEMENT** 

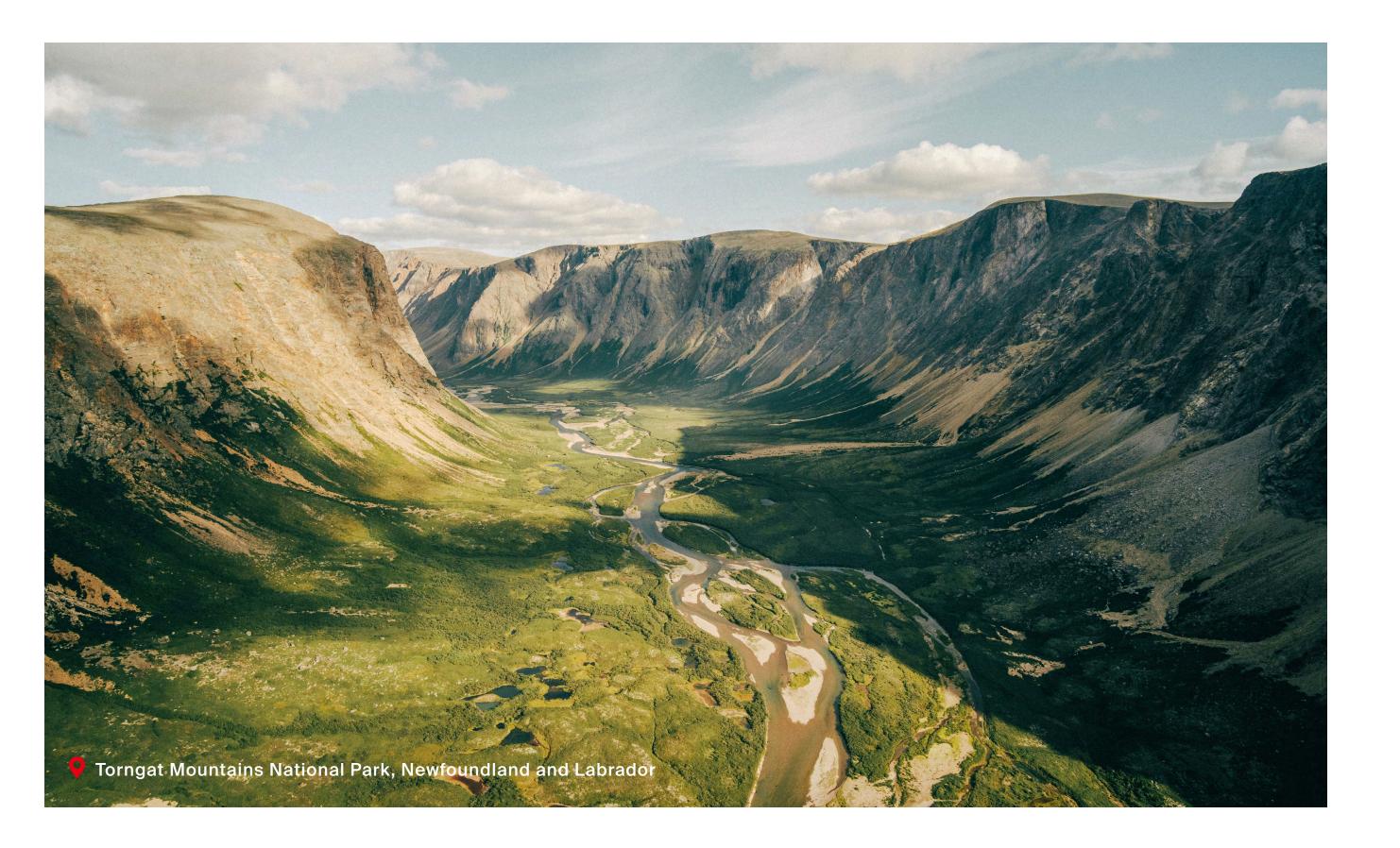
**METRICS & TARGETS** 

## GOVERNANCE

Strong governance, built on transparency and accountability, is fundamental to Destination Canada's success. Our commitment to strong governance is reinforced by the recent Special Examination conducted by the Office of the Auditor General of Canada, which found that the corporation had good governance practices.

## **Approach to Climate Governance**

At Destination Canada, strong governance is essential to navigating all kinds of complexities, including climate change, while embedding sustainability into our strategic decision making. Our commitment to climate-related governance is reflected in the clearly defined roles and responsibilities of our Board of Directors and Executive Team, which are integral to our governance framework. We have established a robust governance structure that ensures accountability and facilitates the integration of climate-related considerations into our strategy, key initiatives and practices. This approach to governance empowers us to exercise strong leadership and proactively manage climaterelated events.





#### **GOVERNANCE**

#### **Approach to Governance**

**Board-Level Oversight** 

**Management Oversight** 

Next Steps for Governance

#### **STRATEGY**

#### **RISK MANAGEMENT**

#### **METRICS & TARGETS**

#### Board of Directors

- > Oversees the management of Destination Canada and provides strategic guidance and effective fiduciary oversight, including the organization's climate-related efforts.
- → Ensures that appropriate systems of governance, leadership and stewardship are in place, including risk management of the organization and climate-related risks and opportunities.

#### Audit and Risk Committee

- → Reviews and recommends to the Board processes for identifying and managing risk, and internal control systems and processes for complying with related laws and regulations, including climate-related risks.
- → Supports the Board in its oversight of Destination Canada's Enterprise Risk Management by gathering information about the organization's Strategic Risks, including climate-related risks, fraud risks and cybersecurity risks.

### **Executive Team**

- → Works closely with the Board to set objectives, develop strategies, implement actions and manage performance.
- → The Senior Vice President, Chief Financial Officer and Chief Data & Analytics Officer is responsible for overseeing Enterprise Risk Management at Destination Canada, including coordinating with the Senior Management Group to identify and address climate-related risks.

#### Senior Management Group

- → Composed of business unit leaders, this group drives Destination Canada's operational execution.
- → Plays a critical role in identifying and assessing major risk exposures, including climate-related risks, ensuring the organization remains responsive to climate-related issues, and integrating environmental sustainability into business practices to support the long-term resilience and competitiveness of Canada's tourism sector as stewards of Destination Canada's mandate.
- → Oversees the organization's key priorities, ensuring alignment with the four Strategic Drivers of our Tourism 2030: A World of Opportunity strategy: Sector Advancement, Brand Leadership, Destination Development, and Collective Intelligence.

#### **Sector Advancement**

Destination Canada works closely with the tourism sector and government to enhance sector competitiveness, including advancing sustainability across the sector and supporting the response to climate-related issues.

#### **Brand Leadership**

Destination Canada leads the Canada brand work to differentiate Canada and global sales and marketing initiatives, which includes strategizing around climate change and adapting marketing in response to climate-related matters.

#### **Destination Development**

Destination Canada creates and shares guiding principles and frameworks to support destination development that takes a regenerative approach to tourism. This factors in societal wealth and wellbeing, and contributes to environmental sustainability.

#### Collective Intelligence

Destination Canada coordinates and shares leading analytics to inform sector strategies, sharing timely in-depth monitoring, analyses and outlooks following climate-related events. This includes the development of innovative measurement frameworks that consider the socio-cultural and environmental impacts of tourism, ensuring a holistic understanding of sustainability and resilience across the sector.

## Global Procurement & Environment

Destination Canada embeds environmental sustainability efforts in its work by reporting on greenhouse gas emissions, advancing sustainability across operations, and developing decarbonization initiatives. Our organization-wide environmental programs and the Environmental Sustainability Committee are guided by Destination Canada's commitments as a signatory of the Government of Canada's Net-Zero Challenge by 2050 and the Glasgow Declaration.

Board Oversight

Management Oversight

DESTINATION CANADA I 2024 TCFD REPORT I GOVERNANCE

6



# INTRODUCTION GOVERNANCE Approach to Governance Board-Level Oversight Management Oversight Next Steps for Governance STRATEGY RISK MANAGEMENT

**METRICS & TARGETS** 

### **BOARD-LEVEL OVERSIGHT**

#### **Board of Directors**

The Board of Director oversees the management of Destination Canada and provides strategic guidance and fiduciary oversight, including the organization's climate-related efforts. With the support of the Audit and Risk Committee and the Human Resources and Governance Committee, the Board ensures that appropriate systems of governance, leadership and stewardship are in place while empowering management to deliver on its mandate.

Directors are appointed based on an extensive range of skills, experience and competencies required to add value to our decisions on strategic opportunities and risks.

The Board is committed to providing comprehensive oversight of risk management, which includes oversight of climate-related risks

and opportunities. They convene on a quarterly basis to discuss and evaluate these critical factors, ensuring they are integral to our strategy and operations. Climate change is a key consideration in the Board's review and guidance of the organization's strategy, major plans of action, risk management and business plans. In 2024, the Board developed and approved our strategy, which included initiatives to strategically target more engaged international travellers, disperse visitors across all seasons and improve the sustainability of business events held in Canada. This strategy aims to foster business and community resilience in the face of climate-related crises and adopts a regenerative approach to tourism.

#### **Audit and Risk Committee**

In addition to its duties under the Financial Administration Act, the Audit and Risk Committee reviews and recommends processes for risk identification, management and internal controls, ensuring compliance with relevant laws and regulations. A key responsibility is monitoring risks in Destination Canada's Risk Register, including emerging climate-related risks, and proactively advising the Board to help the organization stay ahead of potential challenges.

For example, during a 2024 Audit and Risk Committee meeting, Canadian wildfires were identified as an emerging climate-related concern impacting Destination Canada and its stakeholders. While Canada's natural beauty is a key tourism asset, seasonal wildfires can disrupt travel. In response, Destination Canada supported government emergency response plans and partnered with stakeholders to deliver messaging before, during and after wildfire season, including marketing efforts focused on helping the tourism sector recover from the impact of the wildfires.

The Audit and Risk Committee continues to assess climate-related risks and their broader implications for the tourism industry, ensuring proactive strategies are in place to mitigate disruptions and adapt to evolving environmental challenges.

#### Destination Canada's Tourism 2030: A World of Opportunity strategy

#### **Transformation**

In an era marked by global change, Destination Canada is working to keep Canada's tourism sector ahead of a very competitive, rapidlyevolving game.

Our tourism strategy stands as a roadmap to transform the way tourism is experienced, expanded, promoted and measured in this country.

We're embracing transformation so that tourism can generate wealth and wellbeing for all of Canada and enrich the lives of our guests.

#### **Opportunity**

We have a clear opportunity to drive tourism revenues to \$160 billion annually by 2030. To do that, we must transcend traditional constraints that currently cap our potential at \$140 billion.

\$160 billion is \$20 billion more, every single year, for the Canadian economy. \$20 billion that takes us from no real growth to growth that sustains communities and tourism businesses and makes them more resilient to change.

Let's be Open to Opportunity.

View the 2030 Tourism Strategy



DESTINATION CANADA I 2024 TCFD REPORT I GOVERNANCE



**GOVERNANCE** 

Approach to Governance

**Board-Level Oversight** 

**Management Oversight** 

Next Steps for Governance

**STRATEGY** 

**RISK MANAGEMENT** 

**METRICS & TARGETS** 

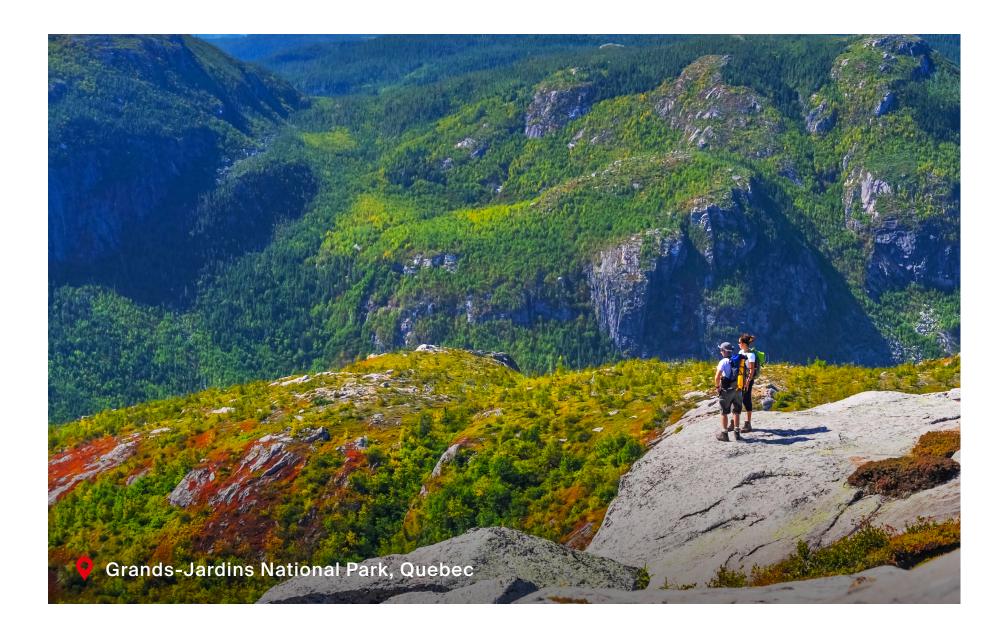
## MANAGEMENT OVERSIGHT

#### **Executive Team**

The President & CEO is accountable to the Board and has responsibility for day-to-day operations. The Executive Team plays a vital role in strategic leadership, working closely with the Board to set objectives, develop strategies, implement actions and manage performance. The Executive Team also identifies risks and makes recommendations on managing Destination Canada's intellectual, capital and technical resources to the Board.

The Senior Vice President, Chief Financial Officer and Chief Data & Analytics Officer leads efforts in ensuring sound fiscal management, drives data-driven decision making, and enhances analytics capabilities to strengthen the organization's fiscal resilience and collective intelligence in the tourism sector. This role oversees Enterprise Risk Management at Destination Canada, which includes coordinating with the Senior Management Group to identify, address and report on climate-related risks and opportunities to the Audit and Risk Committee and the Board.





#### **Senior Management Group**

The Senior Management Group is comprised of business unit heads, ranging from Directors to Senior Vice Presidents, and the President & CEO.

#### **Sector Advancement**

Led by the Senior Vice President, Industry Advancement and Corporate Secretary, the Sector Advancement driver of our strategy engages Corporate Communications & Outreach, Industry Engagement, the federal government and national associations, and more. A core focus is enhancing sector competitiveness, with sustainability as a key lever.

Destination Canada works closely with the tourism sector and all levels of government to help address climate-related matters and respond to climate-related crises, to ensure the industry is prepared to navigate disruptions while fostering long-term resilience.

Beyond crisis response, this collective effort helps attract investment, create jobs and drive innovation in tourism infrastructure that prioritizes environmental stewardship. Destination Canada is a key convenor between industry and government, driving positive change that aligns with Canada's climate goals and strengthens the sustainability of the tourism sector.



GOVERNANCE

Approach to Governance

**Board-Level Oversight** 

#### **Management Oversight**

Next Steps for Governance

#### **STRATEGY**

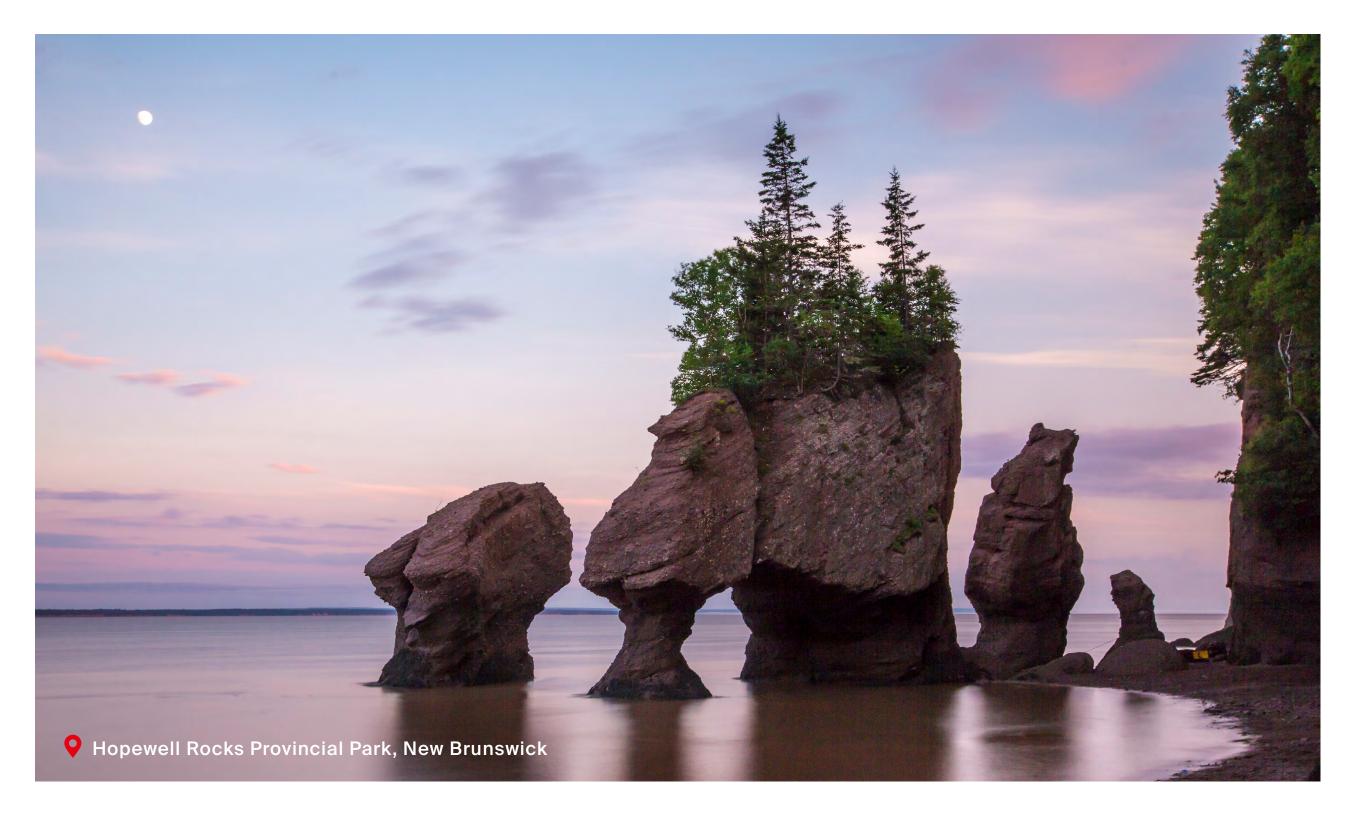
**RISK MANAGEMENT** 

**METRICS & TARGETS** 

#### **Brand Leadership**

Our Marketing team, led by the Senior Vice President, Marketing Strategy and Chief Marketing Officer, crafts the work behind our Brand Leadership strategic driver and develops annual marketing strategies for target markets. By showcasing Canada's unique brand value proposition, the team positions Canada as an ideal destination for travelers who prioritize sustainability and cultural engagement, fostering a deeper connection between travelers and the communities they visit.

As well as leisure travel marketing, Brand Leadership integrates sustainability into Business Events by promoting Canada as a leading destination for sustainable conferences and meetings. This includes showcasing green-certified venues, low-carbon event solutions and industry best practices that align with global sustainability standards. Through these efforts, Destination Canada reinforces a brand that champions tourism and climate action, while positioning Canada as a forward-thinking destination for business events.



#### Destination Canada's Canadian Business Events Sustainability Plan

In May 2022, Destination Canada launched our Canadian Business Events Sustainability Plan.

The plan focuses on driving sustainability for business events such as international association conferences, trade exhibitions, workshops, seminars, etc.

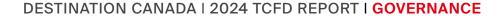
In its first year, 16 Canadian destinations signed on to measure and benchmark their activities against sustainable targets through the Global Destination Sustainability Index (GDS-Index), which is aligned with multiple United Nations Sustainable Development Goals.

To improve the economic, sociocultural and environmental sustainability practices of business events hosted in Canada, Destination Canada provides educational content and workshops hosting sustainable events for Canadian destinations, including the most recent Sustainable Events Professional Certification.

Now in the third phase of the plan, Destination Canada is sharing the sustainability offerings in Canadian destinations, most predominantly in our Sustainability Storybook, which provides a guidebook for event organizers who wish to host more sustainable events in Canada.

View the **Business Events Sustainability Plan** 







**GOVERNANCE** 

Approach to Governance

**Board-Level Oversight** 

**Management Oversight** 

Next Steps for Governance

**STRATEGY** 

**RISK MANAGEMENT** 

**METRICS & TARGETS** 

#### **Destination Development**

Led by the Senior Vice President, Investment and Destination Development, the work to strengthen our Destination Development strategic driver champions a <u>regenerative approach to tourism</u>, ensuring long-term sustainability within Canada's tourism sector. As climate patterns shift and demand for meaningful, environmentally responsible experiences grows, the momentum toward a regenerative approach to tourism has grown stronger.

Our Destination Development team collaborates with communities to design long-term strategies for tourism corridors that align tourism growth with local sustainability goals. By attracting and influencing strategic investments from the private sector and government, the team also enhances tourism infrastructure while ensuring it reflects the needs of the communities involved.

This work includes identifying and developing products, services, workforce and experiences that not only meet traveler expectations, but also support climate resilience and the wellbeing of local communities. Through this integrated approach, the Destination Development team fosters a tourism landscape that prioritizes environmental stewardship, supports adaptation to climate-related challenges and contributes to a more sustainable future for both the industry and the communities it serves. communities it serves.

#### Destination Canada's Regenerative Approach to Tourism in Canada

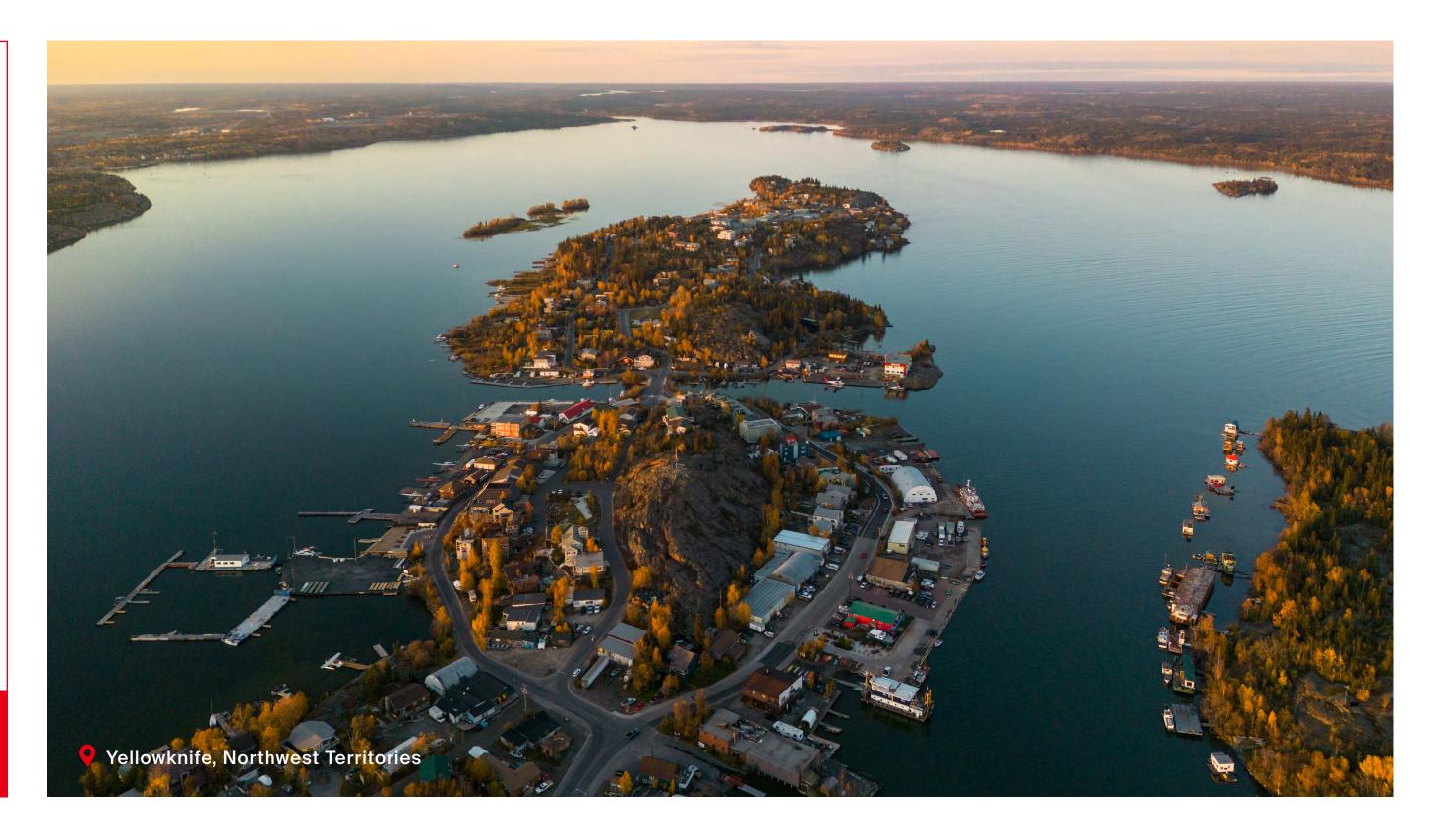
Wouldn't it be powerful if tourism didn't just sustain, but actively restored and enriched the communities and places people touch, leaving them better than we found them?

In this thought-provoking publication, we explore:

- → Why a new approach?
- → What does it mean to be regenerative?
- → How do we practice regeneration?
- → How will we know we are making progress?
- → Where do we go from here?

View the Regenerative Approach to Tourism







**GOVERNANCE** 

Approach to Governance

**Board-Level Oversight** 

#### **Management Oversight**

**Next Steps for Governance** 

**STRATEGY** 

**RISK MANAGEMENT** 

**METRICS & TARGETS** 

#### **Collective Intelligence**

The work supporting our strategic driver Collective Intelligence is led by the Senior Vice President, Chief Financial Officer and Chief Data & Analytics Officer. Our Insights & Analytics team and programs enhance Destination Canada's overall performance and provide valuable resources for partners, industry, innovators, investors and governments to make informed decisions, including those related to environmental and climate indicators.

Becoming an insights-driven organization enables us to be better marketers, more effective in destination development and accountable to Canadians. A

of new ways to measure progress, including:

- → Organizational Performance Assessing the effectiveness of our operations
- → Sector Competitiveness Tracking the global competitiveness of the **Canadian tourism sector**
- → Societal Wealth & Wellbeing Measuring the economic, sociocultural and environmental contributions of tourism

# key outcome for our Collective Intelligence strategic driver is the development Twin Falls Lodge, Saskatchewan

#### Wealth & Wellbeing Index

To begin measuring the impact of tourism in new ways, Destination Canada has developed Tourism's Wealth & Wellbeing Index. Through this Index, you can explore the Canadian tourism industry's progress in economic, social and environmental sustainability and resilience.

For example, the index tracks the impact of tourism on ecosystems and natural resources, including GHG emissions per visitor. These insights will help shape sustainable tourism policies and practices across the nation.

Beyond traditional hospitality benchmarks, a healthy tourism sector positively impacts the economy, employment, the environment, and more.

#### View the Wealth & Wellbeing Index



Destination Canada also contributes to global discussions on sustainable tourism by participating in key international forums, such as **UN Tourism's Statistical Framework** for Measuring the Sustainability of Tourism (MST), an internationally agreed framework that defines concepts, data structures and methodologies to assess tourism's economic, social and environmental impacts and dependencies.

DESTINATION CANADA I 2024 TCFD REPORT I GOVERNANCE



GOVERNANCE

Approach to Governance

**Board-Level Oversight** 

#### **Management Oversight**

Next Steps for Governance

#### **STRATEGY**

**RISK MANAGEMENT** 

**METRICS & TARGETS** 

#### **Global Procurement & Environment**

Led by the Senior Director, Global Procurement and Environmental Programs, this department drives Destination Canada's internal sustainability commitments and initiatives. Reporting to the Executive Team on carbon emissions and organizational sustainability efforts, the Senior Director also leads the Environmental Sustainability Committee, a team of 14 employee volunteers dedicated to reducing Destination Canada's carbon footprint.

Under this leadership, Destination Canada has become a signatory of both the Canadian Government's Net-Zero Challenge and the Glasgow Declaration on Climate Action in Tourism. As part of the next phase of the Glasgow Declaration, Destination Canada is developing a Climate Action Plan, set to be published by the end of 2025.

#### **Selected Commitments to Climate Action & Sustainable Tourism**











DESTINATION CANADA I 2024 TCFD REPORT I GOVERNANCE



GOVERNANCE

Approach to Governance

**Board-Level Oversight** 

Management Oversight

**Next Steps for Governance** 

**STRATEGY** 

**RISK MANAGEMENT** 

**METRICS & TARGETS** 



Sulphur Mountain, Alberta

DESTINATION CANADA | 2024 TCFD REPORT |



GOVERNANCE

STRATEGY

Climate-Related Risks and Opportunities

Climate-Related Risks

Climate-Related Risks

Next Steps for Strategy

RISK MANAGEMENT

**METRICS & TARGETS** 

## STRATEGY

Our <u>Tourism 2030: A World of Opportunity</u> strategy charts a path for sustainable growth to achieve our sector's full economic potential. It is designed to make our sector more resilient and ready for change. This includes strategies to combat climate-related risks and leverage opportunities to make Canada a desirable destination for generations to come.

#### **Climate-Related Risks and Opportunities**

At Destination Canada, we are committed to understanding how climate-related issues may impact our Tourism 2030 Strategy. Recognizing the profound impact of climate change, we embed climate-related risks and opportunities into our existing and robust strategic planning processes to identify potential impacts to our operations, financial performance and long-term sustainability. Assessing climate-related risks and opportunities is a key mechanism to provide insights into our strategic decisions and increase our resiliency as an organization.

We are committed to building our capabilities and capacity to model climate change impacts and continue to integrate climate-related risks and opportunities into our existing scenario analysis process to build and update our Corporate Strategy. This ensures that no matter how the future plays out, Destination Canada is positioned to respond. One of the scenarios analyzed focused on

climate crisis. We recognize that building our capacity to assess and further integrate climate risk scenarios into strategic planning and risk assessment processes will serve to improve decision making.

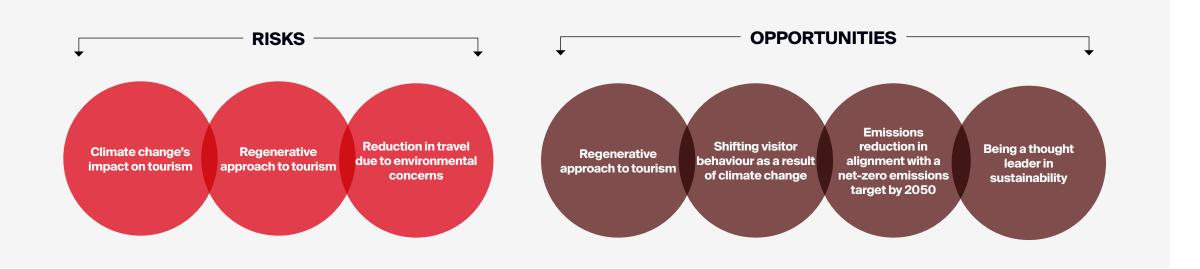
Time horizons offer a structured approach to understanding the potential impact of climate change on our operations, strategy and financial performance across different periods. By categorizing our climate-related considerations into short-, medium- and long-term time horizons, we aim to provide transparency to our stakeholders regarding how climate-related risks and opportunities may affect our operations and strategy. Consistent with the TCFD recommendation to define time horizons and in alignment with our long-term strategy, Destination Canada defines time horizons as short-term (up to one year), medium-term (one to five years), and long-term (more than five years).

Climate-related risks and opportunities are categorized into distinct groups to help comprehensively assess and disclose potential impacts. As outlined by the TCFD recommendations, risk and opportunity types include:

- → Transition, arising from the shift towards a lower-carbon economy, such as the risks and opportunities presented by policy and legal changes, technological advancements, and market shifts, as well as reputational risks and opportunities
- → Physical, related to the physical impacts of climate change, such as acute risks unfolding over a short-term timeframe from extreme weather events, and chronic risks and opportunities from long-term shifts in climate patterns

#### Destination Canada's key climaterelated risks and opportunities

On the right is a depiction of our identified climate-related risks and opportunities. Further details on each of the risks and opportunities identified are outlined in the subsequent sections.



DESTINATION CANADA | 2024 TCFD REPORT | STRATEGY



GOVERNANCE

STRATEGY

Climate-Related Risks and Opportunities

Climate-Related Risks

Climate-Related Opportunities

Next Steps for Strategy

METRICS & TARGETS

**RISK MANAGEMENT** 

Risk Description

**Climate-Related Risks** 

Type Potential Impacts to Destination Canada

#### **Mitigations**

Climate change's impact on tourism (Extreme Weather Events)

There is a risk that the effects of climate change (e.g., forest fires, extreme weather, warm and dry winters, floods) and Canada's response to it (e.g., communications) reduce our country's capacity to accept visitors at times of high risk and adversely impact their perception of the health and safety of Canada, undermining Canada's appeal as a travel destination.

**Type:**Physical- Acute

We have identified the following climate-related risks impacting the Canadian tourism sector and the potential impacts to our organization.

**Time-Horizon:**Short-, medium-,
and long- term

**Risk Rating:** 

0000

impact how Destination Canada fulfills our mandate of promoting and enhancing Canada as a destination. The impacts of climate events may affect Destination Canada's attributable revenue or the costs incurred in strategic response and recovery.

The effects of climate change in Canada

We will support the sector's crisis response and maximize tourism's economic benefits in more seasons by working with industry partners to promote seasonal and regional dispersion of visitors, enhancing resilience against climate-related challenges.

Regenerative approach to tourism (Regenerative Systems)

There is a risk that Destination Canada may be unable to foster collaboration among tourism industry stakeholders, hindering the collective effort to transform Canada's tourism industry into a regenerative system. Failure to achieve this could negatively impact the reputation of both Destination Canada and the tourism sector.

**Type:**TransitionalReputational

**Time-Horizon:** Medium-term

Risk Rating:

to wh pe co

Part of Destination Canada's mandate is to increase visitor demand to Canada, which may be influenced by visitors' perceptions of Destination Canada's commitments to addressing climate change. Therefore, if Destination Canada is perceived as not making sufficient progress on our regenerative approach to tourism and climate-related aspirations, it could lead to negative public perceptions of the Canadian tourism industry and reputational impacts to Destination Canada as an organization.

As destination stewards for Canada, we will share low-carbon pathways and practices for tourism, including business events, support diversity, equity and inclusion, and support sector response to crisis. Our Destination Development team is also leading on corridor strategies to create legendary journeys that incorporate regenerative practices in the corridor strategy, implementation plan and investment plan.

Reduction in travel due to environmental concerns (Changing

Consumer

Behaviour)

There is a risk that international visitors reduce air travel due to environmental impact concerns.

**Type:**Transition-Market

**Time-Horizon:**Long-term

Risk Rating:

Should international visitors reduce their air travel due to environmental concerns, Destination Canada's attributable tourism revenue will be negatively impacted. This will in turn require Destination Canada to increase marketing efforts to regain these potential visitors to achieve our mandate of enhancing Canada as a travel destination, resulting in increased operating costs (i.e., marketing and promotion, training programs, and sustainability initiatives).

We will address this through our regenerative approach to tourism, which acts to preserve, improve and repair our environment. We will measure how tourism yields net positive economic, sociocultural and environmental benefits for all—Canadians and our guests—through the Wealth & Wellbeing Index.

DESTINATION CANADA I 2024 TCFD REPORT I STRATEGY



GOVERNANCE

**STRATEGY** 

Climate-Related Risks and Opportunities

Climate-Related Risks

**Climate-Related Opportunities** 

Next Steps for Strategy

**RISK MANAGEMENT** 

**METRICS & TARGETS** 

#### **Climate-Related Opportunities**

Climate-related opportunities can drive sustainable growth and resilience. The opportunities below align with our strategic objectives and outline our proactive measures to reap the potential benefits of these opportunities.

	Opportunity Description	Туре	Potential Impacts to Destination Canada	Ongoing or Planned Initiatives
Regenerative approach to tourism (Regenerative Systems)	Research overwhelmingly points to the growing demand for experiences that are deeply meaningful and environmentally responsible, enriching both the guest and the host community.  As a result, travellers may not leave as large a carbon footprint as previously and activities may even lead to carbon drawdown.  As well, this guiding principle will help chart a path for sustainable growth, enabling us to generate as much as \$160 billion in annual revenue by 2030.	Type: Transition  Time-Horizon: Medium-term  Opportunity Rating:	This may boost Destination Canada's reputation as a leader of destination marketing organizations and enhance the global competitiveness of Canada, an important metric of our Corporate Strategy. Additionally, as demand increases for regenerative approaches to tourism—both leisure and business events—this will positively impact our attributable tourism revenue.	<ul> <li>In our Tourism 2030: A World of Opportunity strategy, we are</li> <li>→ supporting sector adoption of regenerative principles</li> <li>→ embracing regenerative principles as a sustainability lever, to support the advancement of sector competitiveness</li> <li>→ leading on corridor strategies, and implementation and investment plans which incorporate regenerative practices.</li> </ul>
Shifting visitor behaviours, perceptions and preferences Emerging Travel Trends)	The effects of climate change have influenced the visitor perception of Canada as a destination, offering an opportunity to boost Canadian tourism. For example, where other destinations are experiencing extreme heat waves in the summer, Canada is increasingly perceived as a preferred destination due to its relatively moderate temperature.	Type: Transition  Time-Horizon: Medium-term  Opportunity Rating:	Fall and winter are under-exploited opportunities. With our Corporate Strategy, we can increase interest in visitation in nonpeak seasons, which may involve expanding operations and creating new products.	<ul> <li>→ Seasonal and geographic dispersion: Market Canada as a coolweather destination and promote shoulder-season travel</li> <li>→ Annual climate risk discussion with the Board, including forecasting and strategic initiatives to address climate-related tourism impacts</li> <li>→ Align with leading practices in sustainable tourism initiatives to future-proof Canada's tourism sector</li> </ul>
Achieving net- zero emissions by 2050 (Emissions Reductions)	In 2021, Canada committed to reducing its greenhouse gas emissions by 40-45% below 2005 levels by 2030 and aimed to achieve net-zero emissions by 2050 through the Canadian Net-Zero Emissions Accountability Act.  In March 2022, the Government released the 2030 Emissions Reduction Plan (ERP), outlining a credible pathway to meet the 2030 target. The ERP includes measures to reduce emissions across various economic sectors, such as buildings, transportation and heavy industry, along with investments in jobs and skills.  Achieving net-zero emissions by 2050 requires efforts from the entire economy, including the tourism sector, which is currently undertaking various initiatives to achieve these climate-related goals.	Type: Transition  Time-Horizon: Short-, Medium-, and Long-term  Opportunity Rating:	As a federal Crown corporation, Destination Canada supports Canada's net-zero initiatives. Just as we work to position Canada as a top global travel destination, we are also dedicated to ensuring a sustainable, livable and prosperous future for Canadians.	<ul> <li>Continue measuring and tracking Destination Canada's organizational Scope 1 and Scope 2 GHG emissions</li> <li>Develop a Climate Action Plan as a signatory to the Glasgow Declaration</li> <li>Promote regenerative tourism as a natural climate solution, reinforcing its role in reducing carbon emissions and carbon drawdown.</li> </ul>
Sustainability thought leadership (Thought Leadership)	Thought leadership in sustainability involves developing and advocating for transformative approaches that balance economic prosperity with environmental and social responsibility. This includes promoting regenerative tourism practices, fostering collaboration across sectors to enhance sustainability and leveraging data-driven insights to shape policies that support long-term resilience. By embracing innovation and influencing industry-wide adoption of sustainable solutions, thought leadership ensures Canada's tourism sector remains competitive and aligned with net-zero goals.	Type: Transition  Time-Horizon: Short- and Medium-term  Opportunity Rating:	Thought leadership is a key competitive advantage for Destination Canada and the broader tourism sector. It positions Canada as a global leader in sustainable and regenerative tourism, attracting travellers, investment and industry-wide collaboration.	<ul> <li>Destination Canada has launched several key initiatives that reinforce its role as a sustainability thought leader:</li> <li>→ Wealth &amp; Wellbeing Index to measure economic, sociocultural and environmental contributions of tourism</li> <li>→ Business Events Sustainability Storybook to showcase sustainable event practices</li> <li>→ Four new tourism corridors designed to attract investment and foster regenerative tourism</li> <li>→ Continued collaboration with UN Tourism Organization on the Statistical Framework for Measuring the Sustainability of Tourism (MST)</li> </ul>

DESTINATION CANADA I 2024 TCFD REPORT I STRATEGY



**GOVERNANCE** 

**STRATEGY** 

Climate-Related Risks and Opportunities

**Next Steps for Strategy** 

DESTINATION CANADA | 2024 TCFD REPORT |

**RISK MANAGEMENT** 

**METRICS & TARGETS** 





**GOVERNANCE** 

**STRATEGY** 

**RISK MANAGEMENT** 

**Enterprise Risk Management & Climate-Related Risks** 

Next Steps for Risk Management

**METRICS & TARGETS** 

## RISK MANAGEMENT

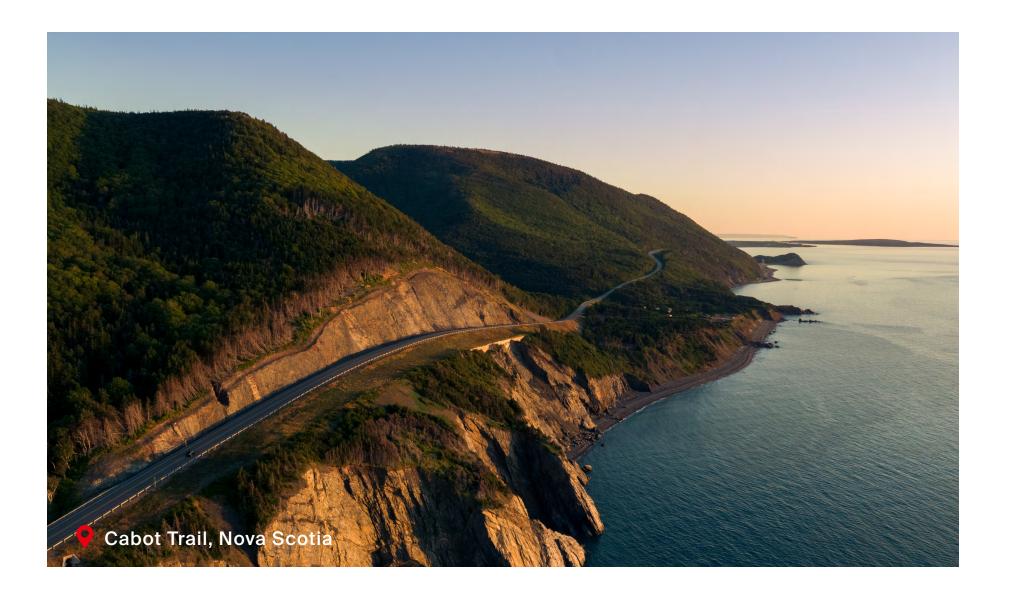
#### **Enterprise Risk Management**

Destination Canada's Enterprise Risk

Management (ERM) policy outlines a framework
to identify, assess, manage and monitor risks
that we face in a systematic and consistent
manner. This approach ensures alignment with
risk appetite and tolerance levels to support
overall business objectives and strategy.

Our overall ERM practices align with the principles outlined by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). As part of our ERM process, we establish risk appetite and tolerance

levels for different risk categories. These are applied to all risks, including climate-related risks, to ensure that risks are managed within or toward these predefined limits. These limits are reviewed annually by the Audit and Risk Committee to adapt to any changes within the operating environment. Climate-related risks are included in the risk appetite statements to ensure that the risks are appropriately identified and assessed. Identified risks are monitored and reviewed by the Board quarterly.





#### **Climate-Related Risks**

Climate-related risks follow the same identification and management process as other organizational risks and are embedded within the ERM policy and process. Current climate-related risks are viewed through the environmental lens of our Economic, Environmental, Social, Governance risk framework:

- → Economic: This lens includes changes in macroeconomic conditions, such as supply chain disruptions, recessionary or inflationary conditions, and geopolitical and major global events, which could negatively impact business strategies, operations and investments.
- Environmental: This lens includes monitoring climate change, reducing emissions and ensuring supply chain sustainability.
- → Social: This lens examines how the business manages sociocultural aspects, such as diversity and inclusion, customer values, public and policy support of tourism, and workforce development.
- → Governance: This assesses leadership, internal controls and ethics to promote greater accountability and transparency.

DESTINATION CANADA I 2024 TCFD REPORT I RISK MANAGEMENT



**GOVERNANCE** 

**STRATEGY** 

**RISK MANAGEMENT** 

Enterprise Risk Management & Climate-Related Risks

**Next Steps for Risk Management** 

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**METRICS & TARGETS** 



## NEXT STEPS FOR RISK MANAGEMENT

As referenced in the Strategy section of this report, we commit to conducting a materiality assessment to identify and prioritize our climate-related risks and opportunities. We will leverage the results of our materiality assessment to inform and enhance our climate-related disclosures and ensure that resources and efforts are focused on addressing the most significant issues facing our organization.

We will continue to monitor the effectiveness of our ERM process in identifying and managing climate-related risks. This will help us maintain a robust and relevant approach to climate risk management.

DESTINATION CANADA I 2024 TCFD REPORT I RISK MANAGE



## INTRODUCTION GOVERNANCE STRATEGY RISK MANAGEMENT METRICS & TARGETS Greenhouse Gas Emissions

Far Reaching Impacts

Next Steps for Metrics & Targets

## METRICS & TARGETS

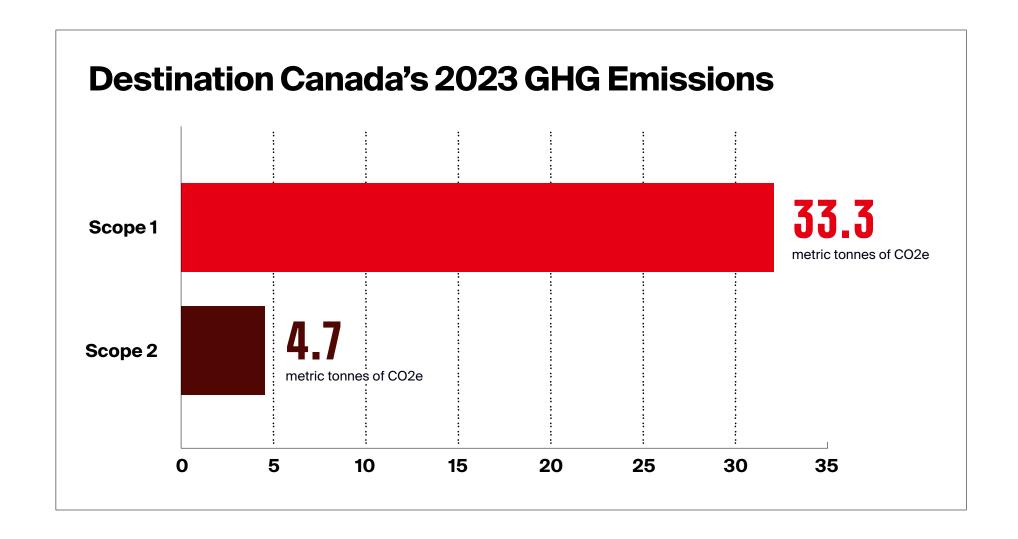
#### **Greenhouse Gas Emissions of Destination Canada**

In 2022, the Government of Canada introduced <u>Canada's 2030 Emissions Reduction Plan</u>. Destination Canada supports the move to a cleaner, more prosperous economy. We are committed to being more environmentally conscious and understand that while this is an urgent priority, it will require sustained effort over the years and decades ahead. Having a solid understanding of our environmental impact through measuring and reporting our greenhouse gas emissions enables us to increase awareness within the organization of how we can collectively work to adopt more sustainable operating practices. This will also allow us to assess options and pursue initiatives that will support our goal to reduce our overall carbon footprint, and to routinely consider the environmental impacts of our business decisions over the long term.

Destination Canada's greenhouse gas (GHG) emissions have been calculated following the Greenhouse Gas Protocol's Corporate Accounting and Reporting Standard. These emissions include carbon dioxide (CO2), methane (CH4), nitrous oxide (N2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF6), and nitrogen trifluoride (NF3), which are all converted into tonnes of carbon dioxide equivalent (tCO2e) for ease of comparison and analysis.

To comprehensively report our climate-related performance, we have categorized our GHG emissions into Scope 1 and Scope 2 emissions. Scope 1 emissions are direct emissions from sources owned or controlled by Destination Canada. Scope 2 emissions are indirect emissions from the offsite generation of electricity, steam, heat or cooling purchased for consumption by Destination Canada.

Destination Canada is currently refining our emissions reporting process. As of the date of this TCFD report, the most readily available emissions information dates from January 1, 2023 to December 31, 2023.





DESTINATION CANADA | 2024 TCFD REPORT | METRICS & TARGETS



## INTRODUCTION GOVERNANCE STRATEGY RISK MANAGEMENT METRICS & TARGETS Greenhouse Gas Emissions

Next Steps for Metrics & Targets

**Far Reaching Impacts** 

## FAR REACHING IMPACTS OF THE CANADIAN TOURISM SECTOR

In 2024, Destination Canada launched the Wealth & Wellbeing Index to measure tourism's far-reaching impacts across Canada. The Index is a first-of-its-kind measurement tool that looks beyond traditional metrics like visitor spend and arrivals to comprehensively assess the impact and benefits tourism brings to Canadians.

The Index is comprised of six interconnected components that drive revenue, fuel reinvestment, support sustainable practices, and ultimately ensure long-term prosperity for businesses and the vitality of communities across the country:

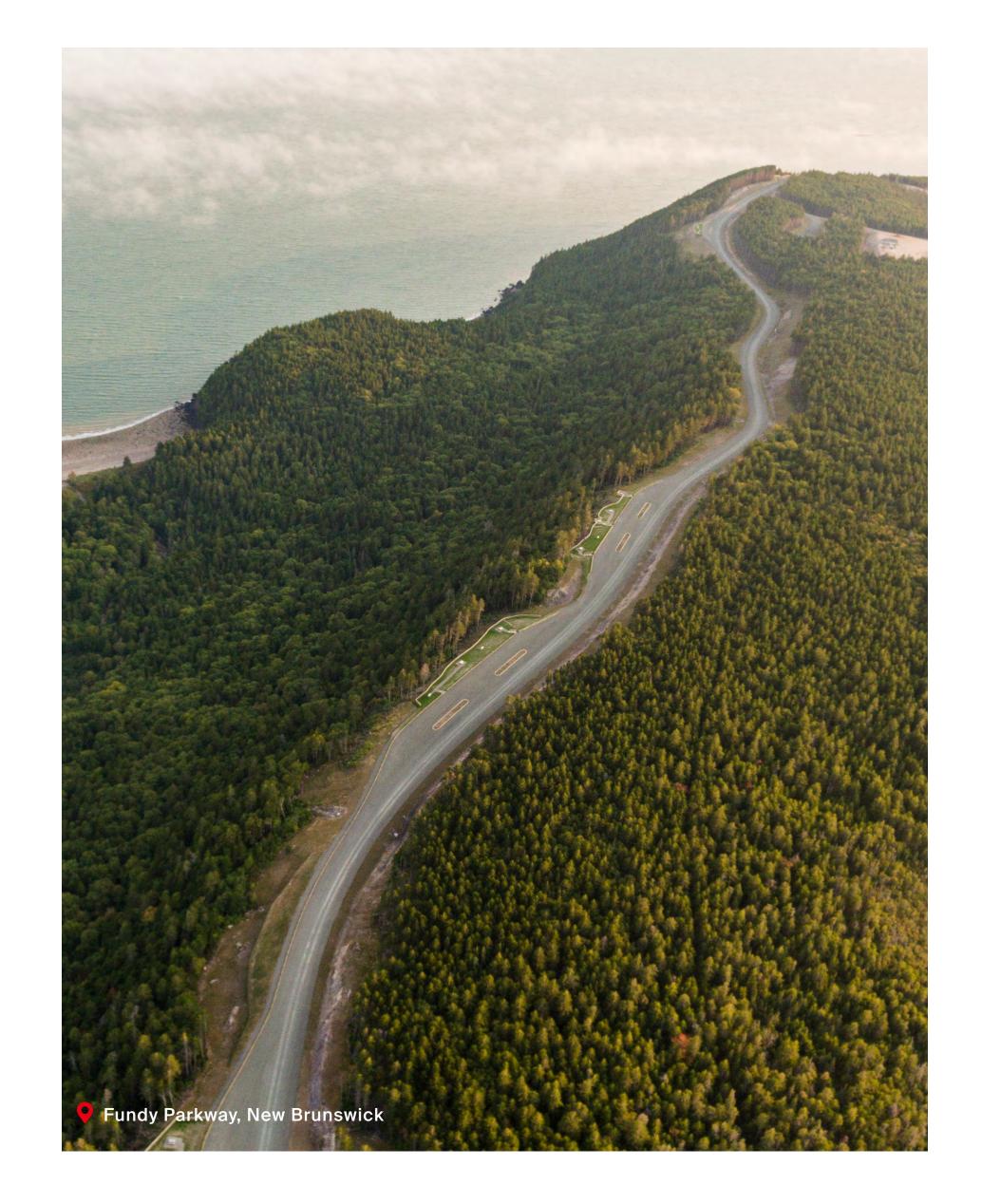
- → Economy—examines tourism's role in generating sustainable economic growth and prosperity
- → Employment–focuses on inclusivity and assesses the extent to which tourism creates quality, accessible and diverse jobs
- → Enablement—measures the impact of tourism on infrastructure that supports both tourism and local communities, ensuring accessibility and long-term sustainability

- → Environment—examines the environmental footprint of tourism, including sustainability practices and resource management
- → Engagement—assesses tourism's role in fostering social inclusion and preserving cultural heritage
- → Experience—examines how tourism enriches the lives of guests, offering transformative and memorable experiences

The Index is a cornerstone of Destination
Canada's Tourism 2030: A World of Opportunity
strategy, a roadmap designed to unlock the
full potential of Canada's tourism sector. This
comprehensive framework aligns with global
standards like the United Nations' Sustainable
Development Goals (SDGs) and Measuring the
Sustainability of Tourism (MST) initiative and
was presented to UN Tourism's Expert Group on
Measuring the Sustainability of Tourism last year.

The Wealth & Wellbeing Index and Report are available in the award-winning Canadian

Tourism Data Collective, a secure national platform for sharing and accessing tourism data.





**GOVERNANCE** 

**STRATEGY** 

**RISK MANAGEMENT** 

**METRICS & TARGETS** 

**Greenhouse Gas Emissions** 

Far Reaching Impacts

**Next Steps for Metrics & Targets** 



