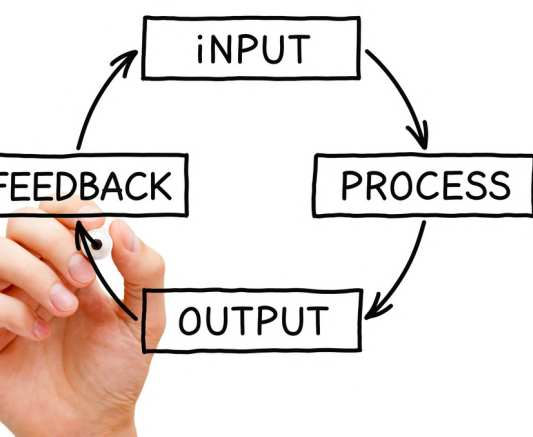


CASE STUDY 4



INTRODUCTION:



The areas of ESG are becoming more complex, and reporting against various ESG standards that define and specify metric requirements is becoming more complex as they are implemented into regulations and statutes. The ultimate goal is to create consistent corporate reporting that can be contained in one master report for the organization.

The key is to understand what is important to all stakeholders, not just shareholders.

Customers are looking for innovative, dynamic companies that provide products and services that meet their needs, also responding to changing requirements and social constructs.

Investors expect evidence-based reporting on the risk factors that will impact financial performance. A key question is the sustainability and profitability of the organization in the future, which may impact the ability to raise capital, meet shareholder expectations and drive further growth.

As part of their strategy, organizations today have many business partners who expect a resilient ecosystem with minimal risk, covering aspects from financial prosperity to data security and social reputation.

Regulators are a permanent part of the landscape, expecting organizations to be responsible and prudent in all aspects of their operations, from financial reporting to environmental impact.

A new factor that organizations need to consider is the expectations of their own employees. Employees demand higher standards from their organizations, beyond just financial supervision. They want to work for organizations that matter and understand environmental and social issues.

All these factors point to an important imperative. Organizations must navigate uncertainty by facing the new wave with increasing urgency, not only managing risk but also clearly articulating actions that speak to all of these elements and move toward a strong, viable and productive future.

Difficulties in managing ESG risk in the tourism sector:

1. **Diverse stakeholder expectations:** Identifying and understanding the varying expectations of stakeholders in the tourism sector can be difficult. Diverse groups such as tourists, local communities, non-governmental organizations and investors have different priorities and values.
2. **Adaptation to changing customer requirements:** The lack of flexibility and ability to quickly adapt to dynamic changes in customer preferences may generate the risk of loss of competitiveness.
3. **Evaluation of risk factors for investors:** Complex risk factors such as climate change, geopolitical uncertainty and public health threats can pose challenges in creating evidence-based reports for investors.
4. **Comprehensive cooperation with business partners:** Ensuring a resilient business ecosystem that meets the expectations of business partners can be difficult, especially if partners operate in different industries.
5. **Meeting regulatory requirements:** Compliance with the increasing number of ESG regulations, both at national and international levels, can pose a challenge for the tourism sector, especially for small and medium-sized enterprises.
6. **Internal influences of employee expectations:** Effective implementation of standards consistent with employee expectations may require changes in organizational culture and internal processes, which is time-consuming and requires the involvement of human resources.
7. **Communication and social responsibility:** Communicating ESG-related activities and progress in the tourism sector can be difficult due to the wide range of stakeholders and cultural differences.



In the context of challenges related to ESG risk management in the tourism sector, it is necessary to implement an effective strategy based on a strategic approach, innovation and the ability to dynamically adapt to changes in the business environment. Tourism businesses should develop a strategic approach that includes a clear vision of sustainability. This strategic focus will allow you to effectively direct resources and act in accordance with the expectations of various stakeholders. In the face of changing trends and customer expectations, the tourism sector must focus on innovation.

Implementing new technologies, sustainable practices and creating unique offers can help attract customers and increase competitiveness. The ability to dynamically adapt to changes in the business environment becomes crucial.

Organizational flexibility allows the tourism sector to quickly adapt to new regulations, market trends and customer requirements. In the ESG risk management process, the involvement of all stakeholders is important. Regular communication with customers, investors, business partners, employees and regulators helps build trust and minimize reputational risk.

The tourism sector should be guided by long-term sustainable development goals. This includes approaches to climate change, environmental protection and positive impact on local communities. Effective ESG risk management in the tourism sector requires a holistic approach that integrates strategy, innovation and adaptation to change, while taking into account the expectations of various stakeholders. Companies that successfully implement these elements will be better prepared to face ESG challenges and gain a competitive advantage in the long term.

QUESTIONS FOR THE PARTICIPANT:



1. **Determine** which risks are key in your company. Justify why.
2. **In your opinion**, what are the challenges and difficulties associated with ensuring compliance with the growing number of ESG regulations, especially in the context of small and medium-sized enterprises?
3. **What are** the main difficulties related to identifying and understanding the expectations of various company stakeholder groups in the context of ESG risk management?