

2024

The Hotel Yearbook  
**Hospitality  
ESG Edition  
2024**

**Unlocking the  
ESG Innovation Stack  
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# Inclusivity in decarbonisation: from luxury to mainstream

Shaping ESG Practices

**Catherine Dolton**

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We find ourselves in an era marked by heightened awareness of the climate crisis, with a global focus to decarbonise taking centre stage across industries. This focus holds particular significance for the hospitality sector, where ecological impact and guest experiences collide.

But the journey towards a low-carbon hospitality industry is especially challenging for the hotel operators, often small business owners, who form the backbone of our industry. At IHG, we largely operate a franchise model, meaning we partner with our hotel owners, regardless of the size of their property portfolio, or the type of property they own, to help support them decarbonise their assets, improve their operational efficiency and in the process help us meet our own science-based corporate carbon reduction target.

Extensive time and effort have been invested in developing tools tailored to accommodate the financial constraints of small businesses, providing bespoke advice aligned with climate zones and property types.

### **BEYOND INDIVIDUAL CORPORATE EFFORTS**

However, relying solely on individual corporate efforts has inherent limitations. Our support alone cannot ensure hotel owners decarbonise at a pace to match global targets set by governments and industries alike. The future of responsible travel requires aligned approaches, leveraging collective strength to address these challenges. Collaboration with industry peers, governmental bodies, and environmental organisations is essential for a more effective transition to sustainable practices.

The future of responsible travel requires alignment in order to take on these big challenges using our collective strength. It requires all hotels, owners, investors and suppliers to advance together. By collaborating with industry peers, governmental bodies, and environmental organisations, we can navigate the transition to sustainable practices more effectively together.

Industry organisations like the Sustainable Hospitality Alliance (SHA) and the World Travel & Tourism Council (WTTC) play a crucial role by offering frameworks, tools, and guidelines for sustainable practices. Worldwide events like COP give an opportunity to talk about wider problems and discuss the future. These platforms facilitate a collaborative ecosystem where best practices are exchanged, insights shared, and the boundaries of sustainable practices collectively pushed.

It's a challenge to create frameworks that can meaningfully include the wide variety of types of businesses and hotels that exist within our industry. But industry-specific frameworks have a better chance of driving meaningful change than those that attempt to create alignments across industries. Meaning, as a hospitality industry, we need to come together to ensure we move forward as one, sharing best practices but also fresh ideas and innovative plans.

The hotel supply chain also needs to continue to accelerate action for responsible travel to become a reality. We work with suppliers of raw materials such as linens, toiletries, furniture, and food and beverages to address sustainable practices. A paradigm shift is needed to minimise waste and maximise resource use through designing products for longevity,

promoting recycling, and encouraging material repurposing at the end of their hotel life cycle. Circular supply chains, emphasising closing the loop within the entire product life cycle, stand as key components of this approach.

When we talk about change, we aren't just talking about the big things but also all the small things needed to operate a hotel. Working with suppliers to make the little things more sustainable can make a massive difference. Then working with suppliers on big projects can deliver even stronger results.

### **GOVERNMENT POLICIES AS A CATALYST FOR CHANGE**

Government policies are instrumental in providing the necessary impetus for widespread adoption of sustainable practices. Effective, standardised policies create an even playing field that facilitates action. Tax breaks, grants, and subsidies can further support the transition by making it financially viable for all players, irrespective of their scale or resources.

Government actions promoting renewable energy sources are particularly impactful. Grants and subsidies for businesses adopting renewable energy technologies offset initial installation costs, fostering a more sustainable approach in the long term. Finally, simplifying complex regulatory processes for obtaining permits and approvals can further remove significant barriers to renewable energy projects.

Similarly, Governments can play a pivotal role in reducing the complexities of accessing Virtual Power Purchase Agreements (VPPAs) by implementing policies and interventions that provide clarity, support, and incentives for businesses. Instruments such as standardised VPPA contracts or tax credits can make these agreements more attractive to businesses, fostering renewable energy adoption at scale. Alternatively, it would be great to see the introduction of risk mitigation instruments, such as government-backed guarantees or insurance mechanisms, to address concerns related to financial risks and counterparty issues. This would increase confidence among businesses considering VPPAs.

In general, ambiguous or inadequate regulations related to carbon create uncertainty for businesses. A regulatory environment that supports businesses and the financial viability of reducing carbon is essential to the acceleration of decarbonisation across the industry, and internationally.

Efforts to enhance building efficiency and install renewable energy are commendable, but grid decarbonisation is equally critical. Many sectors of the economy, including heating in buildings, are likely to switch to using electricity instead of fossil fuels. In the UK, the government has set an ambition that by 2035 all electricity should be generated using clean sources, subject to security of supply, while meeting an expected increase in electricity demand of up to 60%. To cope with this growing infeed of fluctuating renewables, the transmission and distribution network needs modernisation, expansion, and improvements in efficiency as well as stability. National government action in this area is a foundational element of a sustainable and resilient energy future.

In conclusion, decarbonisation must transcend the realm of premium brands and become an industry standard globally. The transformation of sustainability from a luxury to a necessity should be a feasible reality for businesses of all sizes. For small business operators, who may lack the resources and expertise to navigate the complexities of decarbonisation without government support, there is the undeniable need for unequivocal, uniform, and reinforcing policies – but this should not serve as an excuse for the broader collective. Every stakeholder bears the responsibility to actively contribute, necessitating collaboration and determination at every level to overcome barriers and achieve meaningful carbon reduction.



**Catherine Dolton** — Chief Sustainability Officer, IHG Hotels & Resorts

Catherine Dolton is Chief Sustainability Officer at IHG Hotels & Resorts. She was responsible for developing the company's Journey to Tomorrow 2030 responsible business strategy and leads its execution across all IHG's 6,000 plus hotels globally. Her team is also responsible for all the company's ESG reporting and engagement activities. Prior to this role, Catherine was IHG's Global Head of Investor Relations, leading all activities and communications with institutional investors and sellside analysts. Catherine is Treasurer of the Sustainable Hospitality Alliance. She has an MA in Natural Sciences from the University of Cambridge and is a member of the Institute of Chartered Accounts of England and Wales.

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