

2024

The Hotel Yearbook  
**Hospitality  
ESG Edition  
2024**

















**Unlocking the  
ESG Innovation Stack  
in Hospitality**















**USALI**

 **Horwath**

 **EHL**

**MINDCLICK**

	<b>Foreword: Unlocking The ESG Innovation Stack In Hospitality</b> .....	5	
	<i>Willy Legrand — Professor at IU International University of Applied Sciences Germany</i>		
	<b>Roadblocks to Overcome - C-Level Executives Share Their Opinion</b> .....	9	
	<i>Willy Legrand — Professor at IU International University of Applied Sciences Germany</i>		
	<b>Regenerative Hospitality: what it is, what it is not, what it might be.</b> .....	12	
	<i>Alessandro Inversini — Associate Professor in Marketing at EHL Hospitality Business School</i>		
	<b>Net Positive Hospitality and the Importance of the 'S' in ESG</b> .....	15	
	<i>Glenn Mandziuk — CEO, Sustainable Hospitality Alliance</i>		
	<b>What if tourism played a major role in meeting global 2030 biodiversity targets?</b> .....	17	
	<i>Holly Tuppen — Communications Manager, The Long Run</i>		
	<b>Tourism and Glaciers: Navigating the Melting Beauty</b> .....	20	
	<i>Natacha Reymond — Sustainability Initiatives Coordinator at Ecole hôtelière de Lausanne (EHL)</i>		
	<b>Tourism in a Changing Climate: Navigating the Future through a Resilience Lens</b> .....	23	
	<i>Trevor Girard — Director of Standards, Hotel Resilient</i>		
	<b>2024: the turning point for doing business</b> .....	27	
	<i>Ufi Ibrahim — Founder and CEO of the Energy and Environment Alliance.</i>		
	<b>The impact of the Green Claims Directive for sustainable hospitality</b> .....	30	
	<i>Xavier Font — Professor of Sustainability Marketing, University of Surrey</i>		
	<b>Unlocking Value in Hotel Assets through Sustainability and ESG</b> .....	34	
	<i>Maribel Esparcia Pérez — Managing Partner of the European Sustainable Hospitality Club</i>		
	<b>Building a culture around an ESG strategy is not a linear process</b> .....	37	
	<i>Steve Pratt — VP for Operations, Support and Training, Aleph Hospitality</i>		
	<b>Tracking sustainability has never been more important</b> .....	40	
	<i>Julie Cheetham — Founding Member and Managing Director at Weeva</i>		
	<b>Weather extremes, tourist demand responses, climate change: the way forward</b> .....	43	
	<i>Stefan Gössling — Research Professor at the School of Business and Economics, Linnaeus University</i>		
		<b>Hotel Sustainability Outlook for 2024 Starts with Profitability</b> .....	46
	<i>Larry Mogelonsky — Partner at Hotel Mogel Consulting Ltd.</i>		
	<i>Adam Mogelonsky — Partner at Hotel Mogel Consulting Ltd.</i>		
	<b>How Innovation Unlocks Sustainability In Food System's Transition</b> .....	49	
	<i>Carlos Martin-Rios — Associate Professor at EHL Hospitality Business School</i>		

		<b>Robotics, an ESG solution?</b> .....	53
		<i>Alexander Sassen — Lecturer Finance &amp; ESG, Hotelschool The Hague</i>	
		<i>Klaas Koerten — Researcher Robotics, Hotelschool The Hague</i>	
		<b>Simulation games are the future of sustainable hospitality training</b> .....	57
		<i>Tim Rogmans — Managing Director at Sim Institute</i>	
		<b>Mobile &amp; Modular Architecture: Shaping the Sustainable Future of Hospitality</b> .....	60
		<i>Graeme Labe — Managing Director &amp; Principal, Luxury Frontiers</i>	
		<b>Redefining Hospitality: A Vision for Sustainable and Innovative Design</b> .....	63
		<i>Yasmine Mahmoudieh — Founder Principal, Yasmine Mahmoudieh Design</i>	
		<b>Embodied Carbon Reductions: Hospitality Industry's Untapped Climate Opportunity</b> .....	67
		<i>JoAnna Abrams — CEO of MindClick</i>	
		<b>Unlocking Sustainability: room2 Hometel's Whole Life Carbon Commitment</b> .....	70
		<i>Angeliki Krania — Sustainability Manager, Lamington Group</i>	
		<b>Defining the New Net Zero Normal</b> .....	73
		<i>Inge Huijbrechts — Global Senior VP Sustainability, Security and Corporate Communications for Radisson Hotel Group</i>	
		<b>Sustainability Standards &amp; Assurance in Travel &amp; Tourism The GSTC Criteria</b> .....	76
		<i>Randy Durband — CEO at Global Sustainable Tourism Council (GSTC)</i>	
		<b>Trends and Innovative Practices by 2023 HICAP Sustainable Hotel Award Winners</b> .....	79
		<i>Eric Ricaurte — Founder at Greenview</i>	
		<i>Chelsea Wong — Consultant at Horwath HTL</i>	
		<b>Beyond Competition, Foster Coalition to Create Systemic Changes</b> .....	83
		<i>Brune Poirson — Chief Sustainability Officer at Accor</i>	
		<b>Inclusivity in decarbonisation: from luxury to mainstream</b> .....	86
		<i>Catherine Dolton — Chief Sustainability Officer, IHG Hotels &amp; Resorts</i>	
		<b>The Costs and Benefits of a Global Transformation to Sustainable Hotels</b> .....	89
		<i>Megan Epler Wood — Principal, EplerWood International</i>	



HY8



# Foreword: Unlocking The ESG Innovation Stack In Hospitality

Foreword

**Willy Legrand**

*Professor at IU International University of Applied Sciences Germany*

## Synopsis

In this opening article, Chief Guest Editor Willy Legrand sets the stage for this year's edition of HYB 2024 Hospitality ESG Edition which focuses on unlocking the "ESG Innovation Stack" in hospitality, a crucial strategy in today's competitive environment. It emphasizes leveraging innovation for sustainability, adapting to socioeconomic and environmental changes, and adopting a regenerative, net-positive approach. This HYB edition discusses the challenges and opportunities in implementing sustainable innovation in the hospitality industry, which involves combining various technologies, methods, and strategies. It addresses the pressures from investors, regulators, distributors, and guests for ESG performance, data, and transparent disclosures.

HYB 2024 Hospitality ESG Edition is all about **Unlocking the ESG Innovation Stack in Hospitality**. In today's competitive environment, ESG lies at the core of business strategy. Crucial to advancing sustainability is to leverage innovation which offers vast opportunities to mitigate impacts, and adapt to changing socio-economic and environmental conditions but also to engage in a regenerative, net positive approach. The field of sustainable innovation is ripe for exploration.

Thus, the "innovation stack" refers to a collection of technologies, methods, and strategies that, when effectively combined, can revolutionize the way the hospitality industry operates. Considering the convergence of global systemic risks (see: HN World Panel on [Hotels and Global Polycrisis](#)), expanding this innovation stack can ultimately lead to more resilient, adaptive, and future-ready hospitality businesses.

ESG also translates into an immense pressure to commit to performance: investors expect ESG data, regulators require transparent ESG disclosures, distributors and guests desire trustworthy information.

However, unlocking this innovation stack requires understanding the unique challenges faced by the hospitality industry, and developing tailored solutions. The key lies not just in individual practices, but equally in the access, scalability, and application throughout the value chain.

Here is a run-down on what to expect from the *HYB 2024 Hospitality ESG Edition*:

## PART 1: ROADBLOCKS TO OVERCOME

Industry [sustainability leaders](#) are asked the following question: "If there was one major roadblock you could remove towards a net positive journey in the hospitality industry, what would that be?"

The hospitality sector is highly fragmented, making a potential global commitment and consensus on ESG approaches challenging (**Brune Poirson, Accor**). Building a united front is even more complicated considering the multitude of stakeholders along the value chain with diverging interests (**Marloes Knippenberg, Kerten Hospitality**). A further roadblock is the rooted belief that individual actions do not matter where in fact grassroot movements are critical to wide-scale adoption of a net positive approach (**Iris Lam, Mandarin Oriental Hotel Group**). From a practical standpoint, a crucial

obstacle is securing appropriate funding for a positive transformation (**Arnfinn Oines, Soneva**) and accessing financial resources for renewable energy infrastructure in particular (**Jeff Smith, Six Senses**). Despite the roadblocks and challenges ahead, industry leaders are excited about the prospective journey towards a net positive future which depends significantly on innovation in sustainability, collaboration, and the courage to make necessary changes. The complete answers from industry leaders are provided in the following section of the HYB.

## PART 2: FUTURE DIRECTIONS IN ESG FOR THE HOTEL INDUSTRY

In this section, *HYB 2024 Hospitality ESG Edition* gathers insights from global senior executives, analysts, consultants, and thought leaders in hospitality from all over the world to ask, "What lies ahead for the global hotel industry when it comes to ESG?"

Thirty expert articles on key sustainability trends, challenges, and opportunities that lie ahead for the global hotel industry are categorized in the following six major themes:

### 1. THE RISE OF NET POSITIVE MOVEMENT: CLIMATE RESILIENT & REGENERATIVE HOSPITALITY

[This section](#) covers the broad spectrum of sustainability and climate resilience in the hospitality sector, along with policy-related aspects.

'Regenerative Hospitality' is not a new sustainability standard or a replacement for it, but rather, it is a paradigm shift where hospitality businesses act as potential catalysts for a net-positive impact across entire destinations argues **Alessandro Inversini**. A Net Positive Hospitality is about giving back more than you take across the value chain through partnerships and regenerative solutions describes **Glenn Mandziuk**. In the envisioned sustainable future of 2030, the tourism industry can act as a caretaker for nature, culture, and community, measuring success by ecological well-being rather than profits explains **Holly Tuppen** supported with an existing model, The Long Run's 4C framework. Hospitality businesses should work towards becoming carbon neutral by 2050 and **Stefan Gössling** demonstrates that decarbonization is not 'too costly' and proposes a to-do list of ten measures to be adopted and implemented this year on that decarbonization path. **Natacha Raymond** describes the struggles of balancing the protection of glaciers and managing increased visitor demands and advocates for urgent implementation of strict management practices. To complete this section, **Trevor Girard** explains how utilizing climate risk modeling, and reacting proactively to these risks through measures such as those provided by Hotel Resilient, is crucial for the hospitality industry's resilience, sustainability, and competitiveness.

### 2. FROM STRATEGY TO REGULATION: NAVIGATING THE ESG LANDSCAPE

[This section](#) provides in-depth insights into the practical aspects of executing ESG measures in the hospitality industry, from strategy building to working in collaboration and navigating regulatory landscapes.

**Ufi Ibrahim** argues that upcoming mandatory ESG reporting

and disclosure will necessitate significant investments and operational changes for the entire hospitality sector, as compliance with new regulations relating to financial and sustainability risks becomes crucial for accessing capital. Beyond the shift to mandatory ESG reporting, **Xavier Font** explains the proposed EU's Green Claims Directive aims to combat and deter from further greenwashing by ensuring credible, comparable, and verifiable environmental information. **Maribel Esparcia Pérez** presents a Corporate Sustainability Reporting Directive (CSRD) Hotel Framework for the European Sustainability Reporting Standards (ESRS) with five phases to facilitate the implementation in hotel operations. Finally, **Steve Pratt** argues that developing an effective ESG strategy across a diverse global hotel portfolio requires a localization of strategies, storytelling, and the appointment of "pioneers" to spearhead relevant sustainable initiatives.

### 3. OPERATIONAL EFFICIENCY AND SUSTAINABILITY: HARNESSING TECHNOLOGY & EDUCATION

This section explores how technology and education can be harnessed to further the cause of sustainability in the hospitality industry.

Sustainability is complex and contextual argues **Julie Cheetham**. Data-tracking and benchmarking the sustainability journey through management tools like Weeva (based The Long Run's 4Cs sustainability framework) facilitates the transformation by validating sustainability claims using real-time data, comparing performance with competitors, and evaluating various sustainability aspects. **Adam and Larry Mogelonsky** discuss how hotels can significantly boost their financial performance through a list of twenty incremental improvements and upgrades and leveraging green bond programs to meet upfront capital expenditure for modernization, thereby creating a cumulative impact on their sustainability and profitability. Despite the existence of transformative technologies for sustainability in food systems, obstacles and resistance to change persist. **Carlos Martin-Rios** presents best practices and innovative technological solutions around food systems. **Klaas Koerten** and **Alexander Sassen** explore the integration of AI and robotics in the hospitality industry to address sustainability concerns in particular on improving the score of key performance indicators related to labour issues. Closing this section, **Tim Rogmans** presents simulation games as a vital tool in sustainable hospitality education, enabling learners, at a hotel or university, to experience the outcomes of their decisions in different scenarios, thereby encouraging the wide acceptance of online facilitated training amid intensifying sustainability challenges. An example of such simulation is the Net Positive Hospitality Simulation by the Sustainable Hospitality Alliance.

### 4. THE BUILT ENVIRONMENT: MOBILE AND MODULAR ARCHITECTURE & CARBON CONSCIOUS PRACTICES

This section focuses on the built environment, covering aspects from sustainable development and design to the importance of reducing a building's carbon footprint.

Mobile and modular architecture is becoming a sustainable approach in hospitality that offers flexibility and reduces environmental impact, especially with the use of sustainable materials and efficient infrastructure for balance between guest comfort and sustainability explains **Graeme Labe**.

The hospitality industry can also tap into its potential to reduce embodied carbon through informed design and purchasing decisions, with solutions like MindClick's data-driven tools that track carbon emissions at the product level, with multiple benefits including improved asset valuation presents **JoAnna Abrams**. Presenting the case of the development and operation of whole life net zero room2 Homotel, **Angeliki Krania** showcases the achievements in reduction of Scope 1 and 2 emissions, the tracking and minimization of Scope 3 emissions and the hotel's journey to net zero operational carbon and net zero embodied carbon.

### 5. VALIDATING SUSTAINABILITY: ASSURANCE, CERTIFICATION AND AWARDS

This section discusses how credibility can be enhanced through certification, how marketing can tap into sustainability trends, and the realities of consumer attitudes towards sustainability.

**Randy Duban** argues that the hospitality sector tends to apply the term "certification" too casually. Certification should denote processes done by impartial auditors who objectively analyze businesses' practices, separating it from consultants' roles in preparing businesses for certification. This is particularly relevant due to emerging regulations like the EU Green Claims Directive and the EU Corporate Sustainability Due Diligence Directive (CSDDD). Ecolabels are used to promote a hotel's sustainability credentials, but so do awards. **Chelsea Wong** presents the 2023 HICAP Sustainable Hotel Awards recognizing four Asia Pacific hotels for excellence in sustainability practices, awarding The Tamara Kodai for adaptive reuse, Soneva Fushi for climate action, Cempedak Island for community impact, and Six Senses Vana for sustainable design.

### 6. SHAPING ESG PRACTICES: COLLABORATION FOR A BETTER FUTURE

This section specifically addresses how collaboration and alignment in supply chain management, along with incorporation of sustainable practices within corporate frameworks can contribute to global sustainability goals.

**Brune Poirson** explains how Accor is transitioning from a silo-based to a systemic governance model that prioritizes stakeholder collaboration, alliances like the Sustainable Hospitality Alliance and the HARP alliance (Hospitality Alliance for Responsible Procurement), creating a shift from competition to coalition in pursuing a responsible and sustainable hospitality model. **Catherine Dolton** explains that decarbonization of the hospitality sector requires a strategic and collaborative approach, integrating sustainable business models but further discusses the importance of government support to provide clarity, support, and incentives for businesses to transform sustainable practices to being the norm. **Megan Epler Wood** discusses how the hotel industry is increasingly recognizing the financial benefits of sustainability. However, achieving net-zero operations translates into significant upfront costs and robust financing. Hotels can address critical sustainability issues and gain economies of scale by partnering with Smart Cities for data-driven progress through the development and financing of sustainable infrastructure based on mutually beneficial rates of return. Cross-sector collaboration is critical.

A complete understanding of the road to sustainability involves acknowledging the ESG challenges and the role of individual and collective actions in overcoming those. Together, as demonstrated in the *HYB 2024 Hospitality ESG Edition*, it is possible to create a blueprint for unlocking ESG innovation within the hospitality sector, marking an era that redefines conventional hospitality business management. Only then can the hospitality industry lead positive business transformation, and truly unlock its sustainability potential.

*Willy Legrand, Chief Guest Editor*  
*Henri Roelings, HYB Publisher*



**Willy Legrand** — Professor at IU International University of Applied Sciences Germany

Dr. Willy Legrand is Professor at the IU International University of Applied Sciences in Germany with a specialization in sustainable hospitality development and management. He is the lead author of *Sustainability in the Hospitality Industry: Principles of Sustainable Operations* (4th ed, 2022) and of *Critical Questions in Sustainability and Hospitality* (2023). Prof Legrand chairs the Hospitality Net World Panel on Sustainability in Hospitality with the aim is to get sustainability anchored more than ever into the business conversation and decision-making. Finally Prof. Legrand is also the co-editor of the *Journal of Global Responsibility*.

**IU International University of Applied Sciences** — [iu.de/en](https://iu.de/en)

With over 100,000 students, IU International University of Applied Sciences (IU) is the largest university in Germany. The private, state-approved educational institution with its main campus in Erfurt brings together more than 200 bachelor's and master's programmes under one roof, which are offered in German or English.



HY8



# Roadblocks to Overcome - C-Level Executives Share Their Opinion

Aiming for Net Positive

**Willy Legrand**

*Professor at IU International University of Applied Sciences Germany*

There is an increased expectation across a multitude of stakeholders that hospitality businesses should aim to contribute more to society, environment, and economy than they take out. This implies that the status quo, which is largely set on decarbonization of the sector, is not enough considering both the scale and scope of planetary challenges. The focus moving forward is on **restoring, replenishing, revitalizing, and enhancing** the social, economic and environmental surroundings.

As part of our ongoing initiative to drive forward a net positive journey in the hospitality industry, I am seeking expert perspectives on areas of improvement from *Net Zero to Net Positive*. Expertise from C-Level Executives can help identify hurdles and determine the steps to be taken. I am therefore asking the following question: **"If there was one major roadblock you could remove towards a net positive journey in the hospitality industry, what would that be?"**

I am grateful to the following experts for taking the time as your input is invaluable for this sector to be leading the net positive business transformation.

### BRUNE POIRSON, ACCOR

Brune Poirson, Chief Sustainability Officer at Accor brings it back to the fragmentation of our industry:

*"The hospitality industry is very fragmented. It is therefore difficult to set up collaborations that would help create a movement in favor of sustainability that would span across the industry and create a level playing field."*

*"Unlike the T&T sector, some industries or sectors of the economy are dominated by a handful of players. Such players can decide together to tackle a global challenge and join forces to have positive impact on the environment or society. In the hospitality industry it is much more difficult because almost every hotel is a business on its own. Creating a global or even a regional alignment of priorities in favor of sustainability is very challenging. It prevents the emergence of a consensus in favor of the environment or society."*

### ARNFINN OINES, SONEVA

Arnfinn Oines, Social Environmental Conscience at Soneva thinks finance is the roadblock:

*"In unlocking the potential for a Net Positive Hospitality journey, overcoming a key obstacle is crucial. The primary roadblock lies in securing adequate funding and access to financial resources. Soneva fervently champions this cause by spearheading investments in renewable energy and transformative biodiversity initiatives, encompassing projects like forest, mangrove, and coral restoration. Soneva's dedication exemplifies that where determination exists, solutions can be forged. With the removal of financial barriers, the path to a Net Positive Hospitality future becomes not only conceivable but also achievable."*

### IRIS LAM, MANDARIN ORIENTAL

According to Iris Lam, Mandarin Oriental's Director of Sustainability, our people are key!

*"Our net positive pathway is impeded by the limiting belief that individual actions are inconsequential to the larger scale. Frequently we underestimate the profound effect of internal behavioural shifts as the initial stride towards transformation. The desire to "do the right thing" should, as aspirational as it may sound, resonate within each of us and be present in our day-to-day lives. Every conscious decision, no matter how seemingly small, gradually adds up to have a significant impact on the collective."*

*"Achieving net positive in our organizations is based on the conviction that "doing the right thing" is a fundamental value that permeates key decisions, but the heart and soul of this movement unquestionably originate at the grassroots level. We must therefore continuously invest in the learning and development of our people to inspire critical thinking, ownership, and decision-making that impactfully addresses negative externalities. Additionally, establishing accountability mechanisms, setting clear goals, and implementing effective measures of success are integral components in fostering a culture of responsibility. Through an informed and engaged organization, we can have the "real talk" that leads to necessary changes in our policies and procedures, which in turn benefit our communities and the environment."*

### MARLOES KNIPPENBERG, KERTEN HOSPITALITY

Kerten Hospitality CEO, Marloes Knippenberg talks about a missing unified front:

*"The One Major Roadblock I think is the lack of a unified front within the hospitality industry between all stakeholders. There is a lot of factors that can be summed up under this major roadblock that in many instances is delaying the fulfillment of a net positive industry. A lack of unified understanding, roadmaps, standards, and ease of processes when it comes to implementing any sustainability procedures. Every player within the industry is operating under their internal standards and specific sustainability priorities and having to adjust to varying local regulations and acceptances towards sustainable changes. Depending on the geographical location, type of hospitality business, local regulations, type of building (existing, historical, or new build), the standards are everchanging and it creates different levels, and restrictions of the net positive journey. For example, many sustainability initiatives come with high investments which the positives to the environment, communities and business model is not effectively communicated to all stakeholders."*

*"Due to this, a lot of initiatives may not be accepted because of high costs, and a corresponding lack of understanding on*

*the all-around benefits for all stakeholders. We must learn as an industry to effectively communicate all stakeholders' interests to create that unity, in advancing to a net positive industry. The only way net positive can accelerate is with all stakeholders uniting together. That is the meaning behind our UBBU strategy at Kerten Hospitality. United. Building a Better Universe. There is a small change we all must make to ensure a net positive hospitality industry. We need a global understanding and acceptance of what becoming net positive would look like for the hospitality industry."*

### **JEFF SMITH, SIX SENSES**

Six Senses Vice President Sustainability [Jeffery Smith](#), also sees financing as a roadblock.

*My 1 thing: financing for renewable energy infrastructure. Six Senses has a robust development pipeline and as the operator (not the developer) it's a difficult request to make. And not typically planned within the hotel development cost. Can you believe it? - there are hotels still being built today with no renewable energy strategy. Some developers are still planning diesel generators as the primary energy supply at resorts. A global fund to provide financing for renewable energy for hotels could make a huge difference. Operators (like us) could then commit to ongoing utility payments for an ROI into that fund. For example, using Power Purchase Agreements.*



**Willy Legrand** — Professor at IU International University of Applied Sciences Germany

Dr. Willy Legrand is Professor at the IU International University of Applied Sciences in Germany with a specialization in sustainable hospitality development and management. He is the lead author of *Sustainability in the Hospitality Industry: Principles of Sustainable Operations* (4th ed, 2022) and of *Critical Questions in Sustainability and Hospitality* (2023). Prof Legrand chairs the Hospitality Net World Panel on Sustainability in Hospitality with the aim is to get sustainability anchored more than ever into the business conversation and decision-making. Finally Prof. Legrand is also the co-editor of the *Journal of Global Responsibility*.

HYB



# **Regenerative Hospitality: what it is, what it is not, what it might be.**

Aiming for Net Positive

**Alessandro Inversini**

*Associate Professor in Marketing at EHL Hospitality Business School*

## Synopsis

Alessandro Inversini's article explores a new paradigm in the hospitality sector that transcends traditional sustainability. It emphasizes a systemic approach to regeneration, focusing on ecological and social renewal. The article outlines two key concepts: the Regenerative Mindshift, advocating for an inner transformation among hospitality professionals, and an Ecosystem Approach, balancing environmental impact and transformative host-guest relationships. Inversini argues against treating regenerative hospitality as just another sustainability standard, suggesting instead a comprehensive business model aimed at achieving a net-positive impact.

In the past couple of years, I had the opportunity and the pleasure to carry out research on the 'Regenerative Hospitality' topic. I came across this field almost by chance during an informal discussion with a colleague. A few months later, I saw it 'happen' during a research field work in Rural Lebanon. The research trip and the connected field work was about something else, but at that very time, I had the clear perception of what regeneration was and how much the field of hospitality could contribute to it. A kind of 'Aha! Moment' which enlightened the way further. In fact, once at home, I started to do research on the topic, and found it fascinating and often misinterpreted.

A few weeks later, together with some likeminded colleagues, we started to do research projects to meet hoteliers, to exchange with academics and experts from all around the world; we harvested online content, reviews and images connected with regenerative organizations; we sent out surveys to accommodation and restaurants owners...all of that with the purpose of gaining a better understanding of the issues at stake.

After all this work, I feel that we are at the beginning of our regenerative journey; nonetheless, by piecing together all these different data points, we came up with a rounded initial understanding of the concept - and that's what this contribution will be about.

However, before deep diving into regenerative hospitality, there is one last important premise to make: as a research team, we acknowledge the growing amount of research and practical cases about regenerative tourism, with a very relevant critical angle connected with human geography topics such as decolonization and indigenous studies. However, we consciously decided to focus our attention on 'regenerative hospitality businesses' because we deeply think that hotel firms of all sizes and types can be the catalyst and the building blocks for ecosystems regenerative transformation. This, of course, is intertwined with the discourse at a destination level, but looks more towards the business side of regeneration, that is to say: regeneration as a viable business model for hospitality organizations.

## WHAT IS REGENERATIVE HOSPITALITY

Regenerative Hospitality sees accommodation businesses as the agents of change at the destination level: hotels and other types of accommodation are here conceptualized as building blocks of the destination system that could stimulate a net-positive impact on the wider destination. The regenerative approach is by definition a systemic approach, and it has been

rising to prominence in recent years. Following the literature in the field, it stems from an ecological and living systems worldview where the goal is to promote the conditions for all life to renew and restore fostering a net-positive mentality. Two concepts are essential to generate a better understanding of regenerative hospitality:

- **The Regenerative Mindshift:** regeneration does not happen by chance, but it happens by design. It is first an inner awareness of the hospitality entrepreneur moved by a deep connection with nature and with the community. This was clear in all the conversations we had with regenerative leaders: regeneration calls for a deep and inner mindshift of the hospitality professionals. This is strongly tied with the local nature and the local community which together will eventually create innovative hospitality experiences for guests that are – in all the cases we analysed – financially viable for the organisations.
- **An Ecosystem Approach:** regenerative hospitality has an outward dimension and an inward dimension: the outer dimension looks into natural and social ecosystems, that is to say, hotels are organizations which operate in the local environment and can regenerate both the nature and the local communities with their day-to-day business. The inward dimension looks at transformative effects of the host-guest relationship happening during the service encounter at the property. In fact, regeneration means to have a net-positive impact on (i) the local place and its natural and social aspects (we call this **Place Intelligence**) and on the people, exemplified by the transformative host-guest relationship (we call this **People Intelligence**).

The efforts in this field emphasize the restructuring of relationships among individuals within the community and the environment at large; ultimately, regenerative hospitality caters also for the transformation of the host-guest relations. All of this, with the overarching goal of sustaining the renewal of social and ecological systems. In fact, the regenerative development approach within the travel sector encourages innovative solutions by blending tourism practices with local communities and natural ecosystems, ultimately promoting the welfare of both people and the planet developing the actual capacity of the place of at the people therein.

## WHAT REGENERATIVE HOSPITALITY IS NOT

There is a growing fatigue across industries and especially in the hospitality field when it comes to embracing sustainability standards. This is largely because current methods and approaches are struggling to address the increasing harmful impacts of human and business activities on society and the environment. Nevertheless, it is crucial to emphasize that regenerative hospitality should not be viewed as a new sustainability standard, or as some people we have encountered during our research like to put it: "**Regeneration is not Sustainability on Steroids**". Regenerative professionals do not intend to introduce new regenerative metrics or propose specific measurements or scales. There are no checklists to adhere to; there are no standards whatsoever. And above all, none of the regenerative hospitality leaders we have met is thinking to do any of those things. Consequently, regenerative hospitality should not be considered as a replacement for

sustainability, and it is unwise to perceive it in such a manner. It is rather a paradigm shift: if the objective of the hospitality industry is to reach net-zero impact, regenerative properties are looking for an active contribution towards the local natural ecosystem, the local social ecosystem and the inner relationship between host and guest. This is the paradigm shift: from net-zero impact to net-positive impact. Consciously. By design.

Further developments of the field will eventually bring about best practices and measurement techniques: to date, however, we are observing a bottom-up movement of mindful people wanting to really make an impact.

### WHAT REGENERATIVE HOSPITALITY MIGHT BE

The common trait of the people we met during our studies and of the properties we analysed during our research sits in the concept of responsibility: regenerative hospitality is not (only) about sustainability, but it is more about a wider responsibility towards the reality and the ecosystems within. With this responsible approach, regenerative leaders are able to foster a real and long-lasting mindshift to create viable businesses leveraging an ecosystem approach on place intelligence and people intelligence. Regeneration can *de facto* become a new business orientation: not a 'nice to have' nor a 'checklist' but a financially viable, strategically designed and purposefully built business orientation which aims at delivering net-positive impact for all.

But what is important is that regeneration is not only for small sized, newly built hotels: it should rather be seen as a viable business model based on ecosystems responsibility for all properties of any type and size. This would be possible by working on three main aspects:

(i) the Regenerative Mindshift: this is an inner awareness of the role of each business as a net-positive contributor to social and natural ecosystems as well as towards the relationship with individual customers.

(ii) The Place Intelligence: the place around the hospitality business is complex and multifaced. It is a mixture of social and natural environment; any business should acknowledge the existence of these ecosystems and strive for a purposeful net positive approach towards them. No matter where the hotel is located, those ecosystems exist and can have a significant impact on a responsible business orientation.

(iii) The People Intelligence: this is the richness of hospitality, and it is represented by the service encounter and the possibility of co-creating experiences with the guests. People intelligence caters to the inner hospitality ecosystem that is the relational one between host and guests and their social engagement towards the creation of meaningful and hopefully transformative experiences.

Of course, as this is a 'reality-based' approach to business, depending on the latitudes, on the history and on the social fabrics of the communities, this business orientation should consider indigenous livelihood, decolonization issues and/or the *genius loci* - that is to say the set of socio-cultural, architectural, language and customary features that characterise a place and an environment.

### Further readings

- Inversini, A., Saul, L., Balet, S., & Schegg, R. (2023). The rise of regenerative hospitality. *Journal of Tourism Futures*.
- Bellato, L., Frantzeskaki, N., tebrakunna country and, Lee, E., Cheer, J. M., & Peters, A. (2023). Transformative epistemologies for regenerative tourism: towards a decolonial paradigm in science and practice?. *Journal of Sustainable Tourism*, 1-21.
- Polman, P., & Winston, A. (2021). Net positive: How courageous companies thrive by giving more than they take. Harvard Business Press.

■

**Alessandro Inversini** — Associate Professor in Marketing at EHL Hospitality Business School

Dr. Alessandro Inversini is Associate Professor in Marketing at EHL Hospitality Business School where he teaches International Services Marketing and Digital Marketing. Dr. Inversini is expert in marketing communication, digital communication and digital marketing with extensive academic and industry experience.

**EHL Hospitality Business School** — [www.ehl.edu](http://www.ehl.edu)

EHL Hospitality Business School (Lausanne) is an ambassador for traditional Swiss hospitality and has been a pioneer in hospitality education since 1893 with over 25,000 alumni worldwide and over 120 nationalities. EHL is the world's first hospitality management school that provides university-level programs at its campuses in Lausanne and Chur-Passugg, as well as online learning solutions. The School is ranked n°1 by QS World University Rankings by subject and CEOWorld Magazine, and its gastronomic restaurant is the world's only educational establishment to hold a Michelin Star.

HYB



# Net Positive Hospitality and the Importance of the 'S' in ESG

Aiming for Net Positive

**Glenn Mandziuk**

*CEO, Sustainable Hospitality Alliance*

### Synopsis

Glenn Mandziuk's article emphasizes the critical role of social responsibility in the hospitality industry, underlining the 'S' in ESG (Environmental, Social, Governance). He argues for a holistic approach to sustainability that balances environmental concerns with the well-being of employees and communities. The article highlights the need for fair working conditions, human rights, and combating social issues like human trafficking. It introduces the Net Positive Pathway and the Net Positive Hospitality Academy to guide and educate the industry on these issues. Mandziuk stresses the interconnection of environmental and social responsibilities, advocating for a sustainable and ethically conscious hospitality sector.

When we talk about Net Positive Hospitality, we often focus on the environmental aspects such as water conservation, sustainable building, and waste recycling. However, we must not forget the importance of the 'S' in ESG - the social responsibility that the industry holds towards its employees and the wider communities in which it operates.

The travel and tourism industry, including hospitality, supports millions of workers worldwide. It is our responsibility to ensure that their human rights are respected, and fair working conditions are provided. Additionally, we must address social issues like forced labor, human trafficking, and modern slavery.

To give social responsibility equal importance to environmental sustainability, we need a framework that guides our actions. Our recently unveiled five-year strategy takes a holistic approach, inspiring the industry to positively impact the environment, communities, and the economy. It outlines shared visions and actions through our Net Positive Pathway, which aligns with sustainability standards and facilitates tangible progress.

The Net Positive Hospitality Academy plays a crucial role in driving transformative change within the industry. It equips the sector with knowledge, tools, and training programs to accelerate sustainability. The Academy aims to promote gender equality, combat human trafficking, and address other important social issues.

By revolutionizing how we recruit talent, plan and construct hotels, and establish supply chains, it can bring real impact to our industry.

We must recognize the deep connection between environmental and social responsibility. They are not disconnected, but rather intertwined. Our new learning tool, the Net Positive Hospitality Business Simulator, highlights this connection and allows hotels to test different solutions and strategic decisions. By balancing decisions related to renewable energy and fair pay, users can see the outcomes and make informed choices.

Collaboration is key to progress. Through knowledge sharing and bringing the industry together, we can foster new technologies and innovations that benefit everyone. As we look towards 2024, there is a growing focus on the social side of sustainability. Our recent summit addressed social injustices and emphasized the need for equality and social responsibility. We heard from experts on combating human trafficking and understood the power and influence our industry holds.

In the future, hotel organizations must closely examine their supply chains and how they treat their workforce. Social responsibility should not be a mere checkbox exercise but a genuine commitment to ensuring the safety, equality, and well-being of employees while supporting the wider communities.

Net Positive Hospitality emphasizes the importance of protecting and uplifting communities at destinations. As the industry continues to grow, let us strive for sustainable growth that benefits communities worldwide. By acting responsibly, we can create a future where hospitality truly gives back more than it takes.



### Glenn Mandziuk — CEO, Sustainable Hospitality Alliance

Glenn Mandziuk has over 25 years of leadership experience in advancing sustainable practices in tourism, hospitality and economic development, and establishing strategies and programmes that inspire responsible growth. Currently the CEO of the Sustainable Hospitality Alliance, Glenn convenes senior leaders from across the hospitality industry, strategic partners, international bodies and governments to drive the industry towards Net Positive Hospitality. Prior to joining the Alliance, he was President and Chief Executive Officer of Canada's Thompson Okanagan Tourism Region (TOTA). Glenn has 10 years' experience in the hospitality industry in family-owned and operated hotels and resorts and is also a director on the Board of the Global Sustainable Tourism Council and the Responsible Tourism Institute.

### Sustainable Hospitality Alliance — [sustainablehospitalityalliance.org](https://sustainablehospitalityalliance.org)

The Sustainable Hospitality Alliance brings together the hospitality industry and strategic partners to address key challenges affecting the planet and its people, local destinations and communities. They develop practical free resources and programmes to create a prosperous and responsible hospitality sector that gives back more than it takes. Their members have a reach of over 7 million rooms and include world-leading hotel companies including Marriott International, Hilton, IHG, Hyatt and Radisson Hotel Group as well as regional brands. Their network also includes other parts of the hospitality value chain, including owners, investors and suppliers, to further drive joined up action on sustainability, and accelerate the industry on the path to net positive hospitality.



HY8



# What if tourism played a major role in meeting global 2030 biodiversity targets?

Aiming for Net Positive

**Holly Tuppen**

*Communications Manager, The Long Run*

## Synopsis

Holly Tuppen's article presents a visionary journey to 2030, inspired by Rob Hopkins' time machine concept, to explore the transformative potential of Net Positive Hospitality. It envisions a future where the tourism industry prioritizes the well-being of nature, culture, and communities over conventional metrics like visitor numbers and profits. The narrative highlights the industry's alignment with the Kunming-Montreal Biodiversity Framework's 23 global targets, emphasizing a holistic approach that incorporates gender equality and climate mitigation.

There's a time machine in Totnes, England, taking people to 2030. It's operated by Rob Hopkins, founder of the Transition Movement, who invites various experts to jump on board to imagine a better future. "You cannot create what you haven't imagined," he explains before asking his time machine podcast guests a series of 'What If' questions. It inspired us to do our own imagining. The result? A vision, so bright and irresistible that we hope others will join the journey.

When we step out of the time machine in 2030, we see a tourism industry that acts as a caretaker towards its greatest assets — nature, culture, and community. So important are these assets that destinations and tourism businesses measure their success not by visitor numbers or profit but by the health and well-being of ecosystems, heritage and indigenous culture, and local social and economic gains.

It's been achieved by collectively working towards the Kunming-Montreal Biodiversity Framework, which has 23 global targets to restore and conserve 30% of marine and terrestrial ecosystems by 2030. The targets are holistic, covering everything from gender equality to climate mitigation, securing a happier and healthier planet for future generations.

## ADOPTING HOLISTIC FRAMEWORKS.

The entire industry has adopted something like Fogo Island's Economic Nutrition Bill or The Long Run's Impact Statements, calculating what percentage of each tourist fee or bed night cost goes back into nature and local people. The stats are as impressive across the board as the trailblazers today, like Basecamp Explorer, which invests approximately US\$229,851 in community-owned conservancies annually, or Nikoi Island, which supports about 15,000 local people through education outreach projects.

By 2030, it's clear that the holistic approach set out in the 23 global targets is critical to creating a tourism sector fit for the future. More businesses have turned to proven structures, like The Long Run's 4C (Conservation, Community, Culture and Commerce) framework, to embed holistic and long-term thinking throughout operations. The result is a sector that has a more significant positive impact and is financially sustainable.

## ESTABLISHING NATURE-BASED ECONOMIES.

Taking inspiration from case studies like Borana Conservancy in Kenya or Caiman Ecological Refuge in Brazil, which have used tourism to maintain critical havens of wildlife rather than depleted cattle ranches, it supports a thriving nature-based economy. On a global scale, this provides thousands of people a less extractive form of income. The local business opportunities and jobs this form of tourism provides offer

security and long-term career development. Through extensive training and exchanges, employees send ripples of change far beyond the hotel or experience they work for. (The potential is vast, given that today, The Long Run's 50 members positively impact over 750,000 people.)

## FACILITATING MINDSET SHIFT.

Through such high engagement, knowledge of sustainable innovation, local heritage, and wildlife soon trickles into the wider community. Visitors get swept up in the passionate enthusiasm, and residents feel a renewed pride for the nature and culture that makes their home sing. A positive feedback loop gains momentum, as it has already in Costa Rica, where the population has committed to regenerative principles on a nationwide scale.

This shift in hearts and minds helps forests grow more diverse, once near-endangered species thrive, and fish return to the reefs. People can already see it happening at small eco-tourism projects like Chumbe Island in Tanzania, which has restored a reef to globally accredited 'pristine' standards through tourism-funded environmental education and conservation work. Here, in 2030, the potential of this model has been realised the world over.

## INCREASING THE VALUE OF NATURE.

It doesn't take long for the value of these restored ecosystems to quadruple, thanks to their role in preventing floods and wildfires, increasing water capture, and securing food stocks. Biodiversity and carbon data from projects like Tahiti in New Zealand and Grootbos Private Nature Reserve in South Africa secure the evidence needed to put a higher value on nature. By 2030, financial institutions and insurers race to invest in the proper protection of the natural world taking the pressure off tourism as a sole contributor.

## WORKING WITH NEIGHBOURS.

Recognising that no destination can and should rely on tourism alone, travel experiences operate alongside other nature-based offerings. The interconnectedness of nature has become a blueprint for responsible destination management; it's no longer enough to protect your patch or fixate on boundaries. Joined-up thinking means no one or opportunity for nature restoration is left behind. Big-picture initiatives like Samara's vision for rewilding the Karoo in South Africa or Sinal do Vale's work establishing landscape restoration in Brazil are more commonplace. Wildlife corridors weave like snakes, linking lodges on privately protected areas and wildlife-friendly farms with public trails across national nature reserves and green ribbons of life across cities.

## SUPPORTING HERITAGE AND CULTURE.

Guest experiences also help to drive the protection of heritage and nature. Funds from visitors, who often stop by to unleash creativity and learn, revive cultural hubs and events. Local indigenous people, like forager and hunter Letilet, who leads tours and learning at Cottar's Safaris in Kenya, are the leading voices of destinations. And if tourists cannot reach the artists, they come to them through artist-in-residence projects, like Nikoi Island's Ubah Rumah, which uses creative workshops to heighten our understanding and relationship with insects and flora, or Huilo Huilo's creative felt workshops with Mapuche artisans.

### **BUILDING MORE SUSTAINABLE LOCAL ECONOMIES.**

Businesses switch to models like Wolwedans Vision 2030 — a matrix of 25 indicators to ensure that tourism improves the well-being of local people by building new business opportunities. Regenerative enterprises, permaculture farms, and agroforestry projects spring up across the local economy, funded by tourism and adding more income to critical conservation work. Destinations establish new direct-to-consumer enterprises to diversify, like Kualoa Ranch's Kualoa Grown market, which links local farms with over 1000 local customers weekly. An appreciation of all things slow revives long-forgotten crafts and traditions, reminding locals and visitors to live in harmony with nature and spread wealth through cooperatives and local associations.

What if we now commit to walking the talk and realise this vision? At The Long Run, we believe that's essential for the future viability of tourism and critical to supporting the planet's and people's needs. We also have the tools, frameworks, and case studies to get everyone started. So, there's no reason to be left behind.



*Fundación Huilo Huilo Comunidad Inalafquen, Land on Loan for Tourism Purposes*



#### **Holly Tuppen** — Communications Manager, The Long Run

Holly Tuppen is Communications Manager for The Long Run, a freelance writer and sustainable tourism expert. After circumnavigating the world without flying in 2008, she returned to the UK to help businesses and destinations design tourism and hospitality experiences that positively contribute to nature and people. She's the author of the book *Sustainable Travel: An Essential Guide to Positive Impact*

#### **The Long Run** — [thelongrun.org](http://thelongrun.org)

The Long Run is a community of properties, travel partners, and experts committed to protecting and regenerating ecosystems for the benefit of all. The organisation supports, connects, and inspires members to operate according to a balance of the 4Cs — Conservation, Community, Culture and Commerce. Through this journey, travel experiences have a positive impact, and conservation is socially and financially sustainable. Collectively, Long Run members safeguard over 23 million acres of ecosystems, protect more than 400 endangered species, and improve the lives of 750,000 people.

HY8



# Tourism and Glaciers: Navigating the Melting Beauty

Aiming for Net Positive

**Natacha Reymond**

*Sustainability Initiatives Coordinator at Ecole hôtelière de Lausanne (EHL)*

### Synopsis

"In the Heart of Earth's Most Awe-Inspiring Landscapes", EHL's Natacha Reymond explores the captivating world of glaciers, symbols of natural beauty and alarming climate change indicators. The article delves into the intricate relationship between tourism and glaciers, highlighting popular destinations like Patagonia's Perito Moreno and the Swiss Alps' Aletsch Glacier. The narrative confronts the environmental impacts of tourism, such as accelerated melting and ecosystem disruption, while also showcasing efforts toward sustainable glacial tourism. Initiatives like limited access, responsible tours, and educational programs aim to transform tourists into advocates for climate action. The story culminates in a call for sustainable practices and awareness, urging us to preserve these glacial wonders for future generations, transforming tourism from a contributing factor in glacial degradation into a force for preservation and enlightenment.

In the heart of Earth's most awe-inspiring landscapes lie glaciers — majestic ice formations that have fascinated humanity for centuries. These immense rivers of ice have become both symbols of natural wonder and alarming indicators of climate change. With tourism being one of the world's largest industries, the connection between travelers and glaciers has never been more profound, nor more delicate.

### THE ENCHANTMENT OF GLACIAL TOURISM

Tourists from across the globe are drawn to glacier-rich regions, their eyes widened by the sheer grandeur of icy landscapes. Patagonia in South America offers the Perito Moreno Glacier, a colossal ice formation that draws visitors with its dramatic calving events. In the Swiss Alps, the Aletsch Glacier, serves as a playground for hikers and a subject of study for scientists.

The Khumbu Glacier in Nepal provides a gateway to the world's highest peaks for trekkers and mountaineers. The allure of these glaciers, with their cerulean crevices and echoing cracks, creates a magnetic attraction for adventurers and nature enthusiasts. Many tourists also flock to glacier areas in a "last effort" to observe these environments before they disappear. Yet, the necessity of their presence is debatable.

### THE ENVIRONMENTAL TOLL OF GLACIAL TOURISM

Indeed, the influx of tourists into these pristine landscapes exacts a toll. Melting ice, hastened by climate change, poses dangers to visitors as well as to the unique ecosystems surrounding glaciers. In Switzerland, a recent study showed Swiss glaciers have lost 10% in two years.

On Iceland's glaciers, tourists seeking thrills inadvertently accelerate their demise. The more footsteps on the ice, the quicker it melts, fundamentally altering the landscape and endangering fragile plant life. The waste generated by tourism — from plastic bottles to camping gear — finds its way into crevices and streams, disrupting the natural balance. For example, the Rhône Glacier is a well-known tourism spot and features a tunnel dug directly into the ice, allowing visitors to admire the pristine blue waters still encapsulated by the cold.

A pedagogical tour explains the history of the site and where the glacier's tongue used to sit. However, the optimism of the tour is almost absurd: the disappearance of the Glacier will allow more tourism to come as lakes form. None of the signs mention the reasons for the melting of the ice, although directly linked to human activities, tourism being one of the

main reasons. In addition, the rapid retreat of glaciers due to global warming presents unprecedented challenges. Glacial lakes, formed by meltwater, pose risks of outburst floods. In the Himalayas, the Imja Tsho glacial lake, swollen due to melting Khumbu Glacier, has become a cause for concern. Such phenomena compel local communities and authorities to balance the preservation of natural beauty with the safety of those living downstream.

### TRANSFORMING TOURISTS INTO ADVOCATES

In the face of these challenges, sustainable glacial tourism emerges as a necessity. Limiting visitor numbers, designating specific routes to minimize environmental impact, and implementing strict waste management policies are crucial. In China, local authorities had to limit the access to the Baishui Glacier in 2018 due to the excessive number of tourists visiting. In Norway, the Nigardsbreen Glacier has implemented guided tours, ensuring visitors appreciate the glacier's beauty without compromising its integrity.

Organizations like the Glacier Guides in Iceland emphasize responsible tourism, educating visitors about the fragility of glaciers. In addition, glacial regions often host indigenous communities whose lives are intricately woven with these icy giants. Sustainable glacial tourism can empower these communities. In Canada, the Kluane First Nation offers cultural tours, sharing their knowledge of glaciers and the land. Revenues from such initiatives not only support the local economy but also foster cultural exchange, enriching the experience for tourists.

Glacial regions serve as living classrooms, offering profound lessons on climate change. Universities and research organizations are collaborating with tourism operators to create educational programs. The Juneau Icefield Research Program in Alaska integrates scientific research with glacier exploration, allowing students and tourists alike to engage with ongoing climate studies.

### PRESERVING GLACIAL WONDERS FOR GENERATIONS

In the face of our rapidly changing climate, the urgency of preserving these glacial marvels has never been more pressing. Glacial tourism, if conducted responsibly, possesses the potential to be a powerful agent of change. When tourists are enlightened and inspired, they become vocal advocates for climate action, spreading the urgent message far and wide. The responsibility lies not only with tourists but also with the industry and local communities. Embracing sustainable practices, from eco-friendly accommodations to minimal-impact excursion planning, is essential. Moreover, supporting the communities residing near these glaciers ensures that the benefits of tourism are shared equitably, fostering a sense of ownership and care for these icy wonders.

Education plays a pivotal role. Tourists should not only marvel at the glaciers' grandeur but also understand the delicate balance that sustains them. Awareness initiatives can transform casual travelers into informed ambassadors, nurturing a global network of advocates for glacial preservation.

In this intricate dance between humanity and nature, sustainable glacial tourism offers a harmonious rhythm.

It echoes the profound significance of cherishing Earth's fragile beauty, reminding us that the wonders we witness today should be bequeathed to our children and their children. As we marvel at the shimmering ice and ponder the eons it has endured, let us commit ourselves to safeguarding these glacial treasures.

Our actions today can ensure that the enchantment of glaciers endures, not merely for our generation but for the countless generations yet to explore their majesty. Through sustainable tourism, we can be stewards of these icy wonders, passing on the legacy of awe and inspiration to the ages that follow.



**Natacha Reymond** — Sustainability Initiatives Coordinator at Ecole hôtelière de Lausanne (EHL)

Catalyzing change through sustainability, Natacha merges a deep-rooted passion for ethical business practices with a strong foundation in the hospitality sector. As a dedicated triathlete, she thrives on challenges and channels the same determination into her professional endeavors. She is currently leading impactful sustainability initiatives at the world-renowned EHL Hospitality Business School.

**EHL Hospitality Business School** — [www.ehl.edu](http://www.ehl.edu)

EHL Hospitality Business School (Lausanne) is an ambassador for traditional Swiss hospitality and has been a pioneer in hospitality education since 1893 with over 25,000 alumni worldwide and over 120 nationalities. EHL is the world's first hospitality management school that provides university-level programs at its campuses in Lausanne and Chur-Passugg, as well as online learning solutions. The School is ranked n°1 by QS World University Rankings by subject and CEOWorld Magazine, and its gastronomic restaurant is the world's only educational establishment to hold a Michelin Star.

HY8



# **Tourism in a Changing Climate: Navigating the Future through a Resilience Lens**

Aiming for Net Positive

**Trevor Girard**

*Director of Standards, Hotel Resilient*

## Synopsis

The Tourism Panel on Climate Change's 2022 report, "The Imperative for Advancing Climate Risk Assessment in Tourism," underscores the urgent need for the tourism industry, especially hotels, to address climate change risks. It details measures based on the Hotel Resilient Climate and Crisis Resilience Standards to enhance climate resilience. However, the implementation of these measures is often hindered by the hotel management's perception of risk and rigid organizational structures. The report emphasizes the necessity for a paradigm shift in hotel management, recognizing climate resilience as crucial for the sector's long-term sustainability and competitiveness. It highlights that the tourism industry, facing diverse challenges from climate change, must adopt a comprehensive and proactive approach for resilience and sustainability.

The Tourism Panel on Climate Change's "Tourism Climate Change Stocktake 2023" report presented at COP28 provides an in-depth analysis of the reciprocal impact between tourism and climate change, underscoring the need for more robust efforts in policy integration, emissions mitigation, and capacity building to align the tourism sector with global climate objectives. Key findings reveal that tourism growth is not aligned with climate goals, primarily due to increased air travel. Tourism policies lack integration with climate frameworks, and national policies often overlook climate change. The sector faces significant challenges in reducing emissions, with current practices not effectively curbing high-emission tourism forms. Climate change poses extensive impacts on tourism, especially in regions crucial for economic growth. Government investments in tourism infrastructure often exacerbate GHG emissions, and there is a substantial gap in climate change training and awareness within the industry. Although hotel operations have seen some improvement in GHG intensity, these are negated by increased room numbers, with emission reductions mainly from electricity decarbonization rather than reduced consumption.

The Intergovernmental Panel on Climate Change's Sixth Assessment Report highlights the disruptions in the global climate system and underscores their implications for the tourism sector. The industry is grappling with climate change impacts such as an increase in heatwaves, droughts, wildfires, and ecosystem transformations, which are reshaping investment, planning, operations, and customer demand. Despite the growing frequency of crises, many tourism destinations remain underprepared, with insufficient updates to their crisis management plans.

## CLIMATE CHANGE IMPACTS ON TOURISM

Climate change impacts are interconnected, with one impact triggering or amplifying others. Severe storms, for example, increase the risk of infrastructure damage, while the loss of coral reefs can lead to coastal erosion. Climate change effects are also nonlinear, meaning small changes can lead to significant consequences, including potential "tipping points" with irreversible impacts. These challenges require businesses to adopt a holistic approach and consider various local, regional, and global climate impacts.

The following represent key climate change impacts on the tourism industry:

- *Rising Sea Levels:* Coastal tourism is severely impacted as sea-level rise erodes infrastructure, submerges beaches, and damages natural attractions, reducing quality and subsequently demand.
- *Rising Temperatures:* Increased temperatures make some locations too hot for summer tourism, affect winter sports destinations, and disrupt biodiversity and eco-tourism. Shifts in tourism demand and seasonality are expected.
- *Increased Severity and Frequency of Weather Events:* Heatwaves, wildfires, heavy precipitation, floods, and tropical cyclones are becoming more severe, particularly affecting small island developing states. These events can deter potential tourists and disrupt infrastructure. The increased frequency of such events also reduces the time available between events to recover from impacts.
- *Water Scarcity:* Climate-induced water scarcity leads to conflicts with local communities and increased operating costs for tourism. Droughts have resulted in reduced tourist arrivals in some areas.
- *Habitat Destruction:* Sea-level rise, inundation, and drought destroy habitats, reducing destination attractiveness. Coral reefs, vital for tourism, are particularly vulnerable to climate change.
- *Reduced Beach Availability:* Sea-level rise, coastal erosion, and extreme events can reduce beach size, impacting coastal tourism destinations significantly.
- *Risks to Return on Investment and Insurability:* Widespread damage and financial losses reduce the return on investment for tourism businesses. Insurers are reassessing risks, potentially making coverage less accessible, particularly for smaller businesses.
- *Increased Risk Perception:* tourists may alter their preferences, avoiding destinations that are more likely to experience drought, storms, wildfires, and extreme heat due to a heightened perception of risk.

## MEASURING CLIMATE CHANGE RISK

Assessing and measuring climate change risks is crucial for hotel owners and other tourism businesses. Firstly, climate change poses significant threats to the physical infrastructure that tourism relies upon, particularly in regions prone to extreme weather events like hurricanes, floods, or wildfires. By understanding these risks, tourism stakeholders can implement necessary adaptations and reinforcements to their properties and assets. Secondly, climate change impacts can lead to operational disruptions and financial losses. For instance, a rise in sea levels or increased frequency of natural disasters can deter tourists, directly affecting the tourism demand. Thirdly, being proactive in assessing climate risks positions tourism businesses as responsible and forward-thinking. This not only enhances reputation but also aligns with increasing consumer and investor demand for environmentally conscious travel options. Moreover, tourism businesses that are prepared for climate-related challenges are likely to see reduced insurance premiums and better compliance with evolving environmental regulations. Lastly, understanding and mitigating climate risks is essential for the long-term sustainability and viability of the hotel industry, as it navigates an increasingly unpredictable environmental landscape.



**CLIMATE RISK MODELING**

Climate risk modeling in the tourism industry is a method for assessing the potential impacts of climate change on tourism-related assets, destinations, and operations. This approach is becoming increasingly important due to the evident and growing impact of climate change on the tourism sector, including heatwaves, drought, wildfires, and changes in landscapes and ecosystems. Climate risk modeling is increasingly vital for decision-making in the tourism sector amidst a changing climate. This approach is essential for enhancing resilience, enabling the development of climate transition and resilience strategies tailored to the hospitality industry. Utilizing advanced climate science, climate risk modeling provides specific quantification of climate risks and projects future climate scenarios.

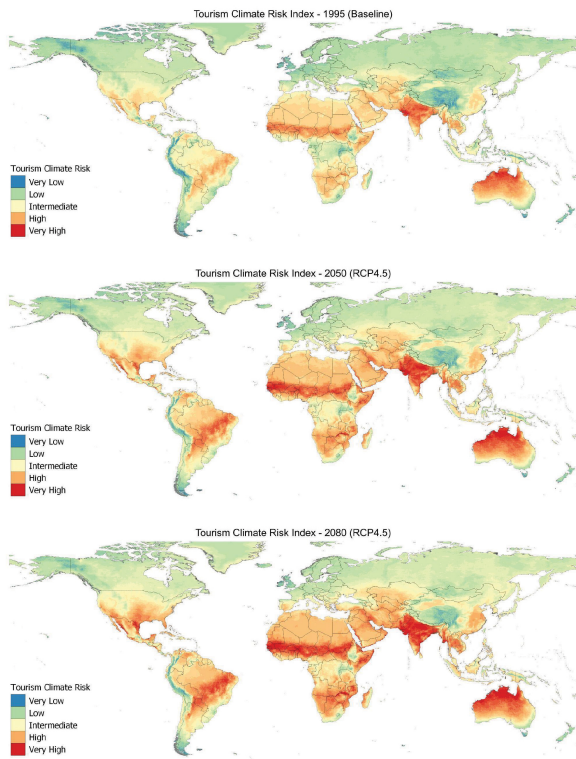


Figure 1 highlights how the global distribution of tourism's exposure to a combined 9 climate hazards varies under a moderate (RCP4.5) emissions scenario. The areas most at risk, or exposure hotspots, include south and southeastern Asia, sub-Saharan Africa, the Amazon and central South America, small island developing states in the Caribbean, and the Indian and Pacific oceans, as well as northern Australia, and the southern regions of the USA and Mexico. In contrast, the regions with the lowest exposure to these hazards are found in western and northern Europe, central Asia, and specific areas of China, Canada, and New Zealand. The high exposure in areas where tourism is a significant economic contributor or is seen as a key development strategy highlights the potential of climate change to impede tourism's role in achieving the Sustainable Development Goals (SDGs). This underscores the necessity for countries to integrate tourism considerations into their National Adaptation Plans. Source: Risklayer 2023 published in TPCC 2023

Hotel Resilient integrates climate risk analytics which can be utilized by a range of stakeholders within the tourism and hospitality industry, including hospitality companies, destination management organizations, investors, and others. This integration empowers informed climate risk assessments and decision-making within the industry, offering the following capabilities to hospitality companies:

- Personalized asset portfolio creation for collaboration across organizations.
- Identification of vulnerabilities and opportunities across diverse climate scenarios.
- Integration of climate data into decision-making processes for adaptation planning, business continuity, and climate-related financial disclosure compliance.
- Climate risk ratings for large portfolios, aiding decision-making, benchmarking, and financial impact evaluation under climate stress scenarios.

This integrated approach helps users track and quantify climate risk across their portfolio, considering acute and chronic hazards such as heat stress, precipitation, flooding, wind, drought, and wildfire. Users can assess risk across different timeframes and scenarios, with asset risk ratings from 'Very Low' to 'Extremely High'. Hotel Resilient also simplifies financial disclosure reporting in line with Task Force on Climate-related Financial Disclosures (TCFD) guidelines. Users can customize, share, and download these reports to efficiently fulfill disclosure requirements.



**FROM ASSESSMENT TO ACTION**

Climate change is already affecting tourism destinations and businesses, posing a significant threat to their viability and demanding that action be taken immediately to address climate risks. The Tourism Panel on Climate Change's (TPCC) 2022 report "The Imperative for Advancing Climate Risk Assessment in Tourism" highlights various measures that hotels can implement to address climate change, based on the Hotel Resilient Climate and Crisis Resilience Standards. Implementing such measures is greatly influenced, and often restricted, by a hotel owner or manager's perception of risk, as well as the hotel's organizational structure, which can be difficult to change. For many, the successful adaptation of these measures will require a shift in mindset at all levels of hotel management, acknowledging that climate resilience is essential for the long-term sustainability and competitiveness of the tourism sector.

Table 1 - Measures for Hotels to Manage Physical Climate-related Risks (source: TPCC 2022)

Climate Resilience Categories	Examples of Measures for Managing Climate-related Risks	
Site and Buildings	Site	Reassess your property's risk to hazards considering projected climate change impacts such as higher temperatures, sea-level rise, increased erosion, more intense and frequent hazard events. Plant trees, shrubs and other native plant species to protect against erosion.
	Building Structure	Monitor building structure regularly and have your buildings routinely inspected by an expert (structural engineer, architect, building inspector) to assess for signs of structural deterioration. Strengthen foundation to wall and wall to roof connections with anchor bolts to protect buildings from stronger winds.
	Building Component	Install shutters to protect windows during storm events. Improve bracing of protrusions from buildings such as parapets, chimneys, balconies and air conditioning units to prevent them from falling during seismic events and storms.
Systems	Infrastructure and Supplies	Improve protection of critical equipment (HVAC, water supply, electrical, generator, telecommunications, etc.) from hazards, such as floods, high winds and seismic events. Install water tanks to meet emergency demands during temporary water disruptions.
	Evacuation and Rescue	Re-assess evacuation plans considering projected changes in hazard impacts and scenarios, such as wildfire, heatwave, intense storms, and flooding. Review evacuation routes and assembly points to ensure they are still safe considering any updates in hazard characteristics, i.e., new areas at risk to hazard impact.
	Warning Systems	Re-assess warning processes and establish new systems for new hazards or levels of risk, such as drought, intense storm events and wildfires. Install smoke/fire alarms to become informed of fires in the building immediately, and trigger fire fighting actions, to prevent fires from spreading, especially in fire prone locations.
Management	Preparedness & Management	Update your disaster management plans to address climate informed hazard risks. Train staff and conduct exercises, ensuring to consider worst case climate impact scenarios.
	Crisis Communication	Familiarize yourself with re-assessed hazard risks and update crisis communication protocols accordingly. Carefully plan how you will inform staff and guests of new risks or new levels of risk that they may not be used to, such as wildfire, heatwaves, drought, and more severe weather events.
	Business Continuity	Review the various resources (gas, electricity, water, public transportation, communications, banking, supply chains) that the hotel owns or utilizes and assess the impact of disruptions to those resources. Re-calculate yearly contributions to the emergency reserve fund, considering potential increase in hazard damage and decrease in recovery time between events.

**CONCLUSION**

The tourism industry faces multifaceted challenges from climate change, affecting destinations, hotels and tourism businesses worldwide. Addressing these challenges requires a comprehensive and proactive approach to ensure the sector's long-term resilience and sustainability. Understanding the unique characteristics of hazards (heatwaves, droughts, wildfires, extreme weather events) and how they will be altered by climate change over time is key to developing detailed models for future research.

Hotel Resilient integrates climate risk analytics which can be utilized by a range of stakeholders within the tourism and hospitality industry, including hospitality companies, destination management organizations, investors, and others. This integration empowers informed climate risk assessments and decision-making within the industry, offering the following capabilities to hospitality companies:

- Personalized asset portfolio creation for collaboration across organizations.
- Identification of vulnerabilities and opportunities across diverse climate scenarios.
- Integration of climate data into decision-making processes for adaptation planning, business continuity, and climate-related financial disclosure compliance.
- Climate risk ratings for large portfolios, aiding decision-making, benchmarking, and financial impact evaluation under climate stress scenarios.

This integrated approach helps users track and quantify climate risk across their portfolio, considering acute and chronic hazards such as heat stress, precipitation, flooding, wind, drought, and wildfire. Users can assess risk across different timeframes and scenarios, with asset risk ratings from 'Very Low' to 'Extremely High'. Hotel Resilient also simplifies financial disclosure reporting in line with Task Force on Climate-related Financial Disclosures (TCFD) guidelines. Users can customize, share, and download these reports to efficiently fulfill disclosure requirements.

■

**Trevor Girard** — Director of Standards, Hotel Resilient

Dr. Trevor Girard is Director of Standards and Accreditation at Hotel Resilient, a non-profit organization with the mission to establish and promote climate and disaster resilient standards and practice in the hotel industry. He is also Chief Scientific Officer at Risklayer GmbH, which offers a range of services for analyzing and managing disaster risk. Trevor is a disaster management professional with a background in architecture, project management and sustainable development. He completed his PhD in the Department of Civil Engineering, Geo and Environmental Sciences at the Karlsruhe Institute of Technology (KIT), Germany in 2018. His PhD research investigated the various components of a typical disaster communication system that influence the effectiveness of disaster communication strategies and their ability to influence response actions. Trevor is a Leadership in Energy and Environmental Design (LEED ®) Accredited Professional. He is also a certified search and rescue responder and volunteers with the German Technical Disaster Relief (THW).

**Hotel Resilient** — [hotelresilient.org](http://hotelresilient.org)

Hotel Resilient, emerged from the Hotel Resilient Initiative under the Global Initiative for Disaster Risk Management implemented by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH and funded by the German Federal Ministry for Economic Cooperation and Development (BMZ) in partnership with the United Nations Office for Disaster Risk Reduction (UNDRR) and the Pacific Asia Travel Association (PATA). As a scientific benchmarking company based in Germany, the mission of Hotel Resilient is to be the definitive resource to the global hospitality industry in preparing for crises like pandemics, natural disasters and climate change by bringing together cutting-edge risk analytics and technology-based resilience solutions. We support hotels and destinations become more resilient. By doing so, Hotel Resilient enhances guest safety and business continuity, and contributes to the resilience of local communities, destinations and national economies that rely on tourism.

HY8



# 2024: the turning point for doing business

From Strategy to Regulation

**Ufi Ibrahim**

*Founder and CEO of the Energy and Environment Alliance.*

## Synopsis

Energy and Environment Alliance (EEA) Chief Executive Ufi Ibrahim discusses the significant shift in 2024 from voluntary sustainability initiatives to mandatory Environmental, Social, and Governance (ESG) reporting in the hospitality and lodging industry. It emphasizes that the introduction of mandatory climate disclosure requirements is expected to profoundly impact global financial markets and business practices. The transition, driven by historical precedents and warnings from financial leaders, aims to tackle misinformation and greenwashing.

2024 marks the irrevocable departure from voluntary sustainability initiatives to mandatory environmental, social and governance (ESG) reporting and disclosure. This turning point will change the way we do business across the hospitality and lodging industry.

Up to now, sustainability compliance requirements have primarily focused on energy, be it the Buildings Energy Act in Germany, the Law on Energy and Climate in France, the Buildings Control Act in Singapore or the minimum energy efficiency standards and energy performance certificates in the United Kingdom. Coupled with the huge spike in energy costs, such regulation has encouraged improvements in energy efficiency and thereby, the operational carbon performance of many hotels and serviced apartments.

Improvements in energy use have largely been achieved through behavioural change and low capital expenditure, such as switching to more efficient lighting. However, achieving more substantial improvements will require greater capital expenditure; and that is a challenge, given high interest rates and the sums required.

However, the pressure to invest in transformational change is about to increase, starting with new, mandatory climate disclosure requirements, which are expected to have a sobering effect on global financial markets, akin to rules initiated following the stock market crash of 1929. Back then, regulators grappling with ways to avoid another great depression granted powers to the Securities and Exchange Commission (SEC), which was licenced to regulate business practices. This led to the creation of globally accepted accounting and auditing principles which, even today regulate business practices worldwide. Given this proven track record of success, it should come as no surprise that almost 100 years later, regulators are adopting the same principles to tackle growing concerns over misinformation and greenwashing.

The 2024 regulatory step change has been brewing for some time. Mark Carney, the then Governor of the Bank of England, led the charge back in 2015, warning governments that “climate change presents systemic financial risks with the potential to destabilise markets and to induce a new global financial crisis”. Since then, regulators have been working with institutions including the International Organization of Securities Commissions, to harmonise global disclosure and reporting requirements as the first major step in the transition process of the global financial system.

New sustainability and climate disclosure requirements were announced in June 2023 at the London Stock Exchange.

These new rules, governed by the International Financial Reporting Standards (IFRS) and International Sustainability Standards Board (ISSB), aim to consolidate and rationalise ESG reporting globally. They were drafted in conjunction with world securities regulators from 130 countries, all of whom are expected to mandate them in their jurisdictions over the coming months. The US (SEC), Singapore, Hong Kong, Brazil, the United Kingdom, Australia, South Africa, and Japan have already done so; and the EU has confirmed interoperability between the IFRS/ISSB and European reporting requirements.

Taking effect in 2024, these new reporting rules will impact information published in 2025 financial reports. First, annual reports will have to include non-financial, as well as financial risks and prospects. Just as financial information is audited, non-financial information will have to be validated by independent auditors. The non-financial information, which, at the outset, covers general sustainability and climate-related material disclosure, will have to be conveyed using a common language, allowing investors to compare performance across any given sector or market. Furthermore, ESG must be connected to financial reports, detailing the projected impact on cash flows, capital expenditure, profits, and losses. Investors and financial markets will use this information to assess asset values.

The provision of capital, be it equity or debt, will soon rely on climate and sustainability disclosures as much as on financial statements. As with the introduction of globally accepted accounting principles, IFRS/ISSB standards will very quickly trickle down to businesses of all sizes. Furthermore, new standards, such as biodiversity, will be added to the reporting requirements over time, extending from materiality (pertaining to climate and sustainability risks and prospects), to double materiality (including externalities – the risks and prospects of the business on the environment and on society).

So, what does all this mean for the hospitality and lodging industry? It means that ESG must be embedded throughout the entire business, with responsibility shared by all the functions and executives in the organisation including the CEO, Chief Financial Officer, Risk and Compliance Officer, HR, the investment committee, and the board. All businesses will be impacted. The largest firms will feel the heat sooner, but in time every business will confront change. Small to medium sized businesses will not be under the radar for long because regulation such as the Green Asset Ratio will push banks to demand reporting from lenders. Also, as the pressure on capital funds and larger firms to report on their supply chains increases, all hotels will eventually enter the frame.

This is the start of a challenging period of transformation for our industry. It's a period in which we will need to re-engineer the way we design, construct, refurbish and operate our buildings. We will need new controls and processes, including board level oversight, applying the same level of rigour to non-financial information as we apply to formal financial statements.

With more than 600 green certification programmes, the majority of which are based on self-reporting, investors are at a loss when it comes to the reliability of information and comparability of operational, asset or portfolio performance.

That is why we established the Energy & Environment Alliance (EEA); to unite hospitality and lodging industry leaders and advocate a standardised approach. In doing so, we aim to prioritise initiatives that are scientifically robust and commercially sustainable while discouraging those that are not.

Over the past few months, we have worked in partnership with Kings College London to launch the first ESG Executive Education programme specifically for hospitality industry leaders. It will cover all the upcoming new regulation and much more besides, including the implications for attracting capital. So, if you are responsible for managing or investing in hospitality, and you want to be thoroughly briefed, please sign up.



**Ufi Ibrahim** — Founder and CEO of the Energy and Environment Alliance.

Previously, as Chief Executive of the British Hospitality Association (BHA), 2010 to 2018, she reshaped and reformed the organisation from the ground up, achieving significant financial and commercial success. She led the BHA merger with the Association of Licensed Multiple Retailers, creating UK Hospitality, to wield increased commercial and political influence. Ufi also shaped the UK Tourism Industry Group, a Government led Advisory Board, and delivered ground-breaking campaigns, such as the Big Hospitality Conversation, which engaged over 4,000 businesses with the government to create 67,000 new jobs and apprenticeships for young people across the UK. At the World Travel & Tourism Council, where Ufi was Chief Operating Officer between 2000 and 2010, she supervised the formulation of the International Competitiveness Monitor for Travel and Tourism. This established a benchmark for policy makers and is now operated by the World Economic Forum. Under the auspices of the WTTC and UNFCCC in 2009, she led the industry's first global commitment to cut carbon emissions, 50% by 2035. Ufi is also a commissioner of the Food Farming and Countryside Commission, overseeing executive and legislative issues affecting the future of the UK's food and agricultural sector. The remit embraces negotiating with authorities and legislative bodies to address environmental impacts, changing economic climate and dietary trends, health & safety and funding to remain relevant within a highly volatile and competitive global market. Ufi also chairs the UK All Party Parliamentary Group for Tourism, which works with the Government to enhance the UK's tourism proposition to international investors.

**Energy & Environment Alliance Ltd** — [eea.international](http://eea.international)

The Energy & Environment Alliance, a new coalition of hospitality businesses and investors, to transform the industry to become climate positive. Peter Till will be the Chairman and Ufi Ibrahim, the CEO.

HY8



# **The impact of the Green Claims Directive for sustainable hospitality**

From Strategy to Regulation

**Xavier Font**

*Professor of Sustainability Marketing, University of Surrey*

### Synopsis

Professor Xavier Font (University of Surrey) examines the complexities of sustainable practices in the hospitality industry, highlighting the discrepancies between consumer surveys on sustainability and actual behaviors. It reveals the prevalence of 'greenhushing,' where companies undercommunicate their sustainability actions due to fear of criticism from both environmentally conscious and anti-green consumers. This contrasts with 'greenwashing,' the overstatement of sustainability practices, often superficial or misleading. The article also discusses how forthcoming EU legislation, such as the Green Claims Directive and the Corporate Sustainability Reporting Directive, will compel businesses to substantiate their environmental claims with scientific evidence and independent verification. These new regulations will impact how hospitality firms worldwide advertise and report their sustainability efforts, potentially leading to more stringent environmental claims management and operational changes. The author emphasizes the need for the hospitality industry to collectively set standards and monitor compliance to prepare for these upcoming legislative changes effectively.

If we are to believe the many surveys conducted by both industry and academics, consumers are fully aware of the negative impacts of the tourism industry, and most of them are committed to changing their ways. The reality is however rather different, in part because the surveys we see suffer from self-selection bias (the people that choose to answer them do so because they are interested in the topic of the survey) and self-deception bias (those people genuinely want to believe that they will do the right thing).

Academic studies on the attitude-behaviour gap in relation to sustainable tourism behaviours have however shown that in the heat of the moment, we all seem to believe that a sustainable product, service or experience will require a compromise on one of the attributes that really matter: price, quality, convenience, location, risk... For this reason, the hospitality industry must stop presenting sustainability as a unique selling proposition in its own right, and to start considering it as one more proof point of those five attributes that generally matter to a larger proportion of society. It's not that we don't want to be sustainable, it's just that there are other things that we want more, and more urgently, to satisfy our needs.

Maybe this is the reason why hospitality companies greenhush: that is, they deliberately undercommunicate their sustainability practices, for fear of backlash from two sides: from the "dark green" clients, who will criticise them for not doing enough, but also from the "anti-green" movement who will perceive that sustainable hospitality will turn out to mean compromising on quality or choice, yet paying a higher price. In our research, we found that 70% of the sustainability actions that had been audited as being implemented, were never communicated (Font et al, 2017).

Greenhushing is a natural industry response to the fact that, for a number of years, sustainability champions have been encouraging their teams to work hard in making changes, and hoped that consumers will reward them for these, but having misunderstood or overestimated customer demand, they are

now taking a step back. Its cousin, greenwashing, is far better known: the overcommunication of sustainability practices that are "not always" happening, or attempts to dress some sustainability actions taking place at the margins of the business operations as if they were far more transformative than they really are. Not that long ago, only 18 out of the 50 largest companies in the world were producing Corporate Social Responsibility reports (Guix et al, 2018), a shockingly small number considering that in other sectors, all the large companies would have been under pressure to produce that type of report.

Maybe it is not surprising that most of these reports were not the result of stakeholder engagement, or that the practices reported emphasised immaterial activities (those that did not matter to the hotel groups' stakeholders). To give a simple example, these hotels may report on carbon footprint savings from efficient operations (mainly a byproduct of seeking cost savings) but did not speak of the labour conditions of their staff, or the impact on local communities, other than providing some handpicked case studies. In Environmental, Social and Governance (ESG) reporting, only some aspects of the "E" were prioritised, while the activities in relation to the "S" may not go far beyond compliance with legislation. Forthcoming legislation making some aspects of non-financial reporting compulsory, following reliable and comparable methodologies, for large EU companies (see the EU [Corporate Sustainability Reporting Directive](#)).

Greenwashing takes many forms: fibbing, hidden trade-off, no proof, vagueness, irrelevance, lesser of two evils or worshipping false labels (see the [Seven sins of greenwashing](#)). The EU has found that over 50% of claims give vague, misleading or unfounded information, and that 40% of them have no supporting evidence, while half of the green labels offer weak or non-existent verification (EU, 2023). This is in keeping with academic evidence that most voluntary carbon offsetting messages from the airline industry greenwash (Guix et al, 2022), and there is no reason to think this may differ for hospitality firms. We argue that greenwashing is only possible because there weren't enough consumer and industry benefits from the true green benefit, while at the same time there wasn't the perception that the non-green or fake-green products were producing so much harm to warrant legislative effort.

Greenwashing has now raised sufficient concerns for several governments to develop legislation on this topic, and as usual, the European Union has taken the lead. At the beginning of 2023, the EU proposed the [Green Claims Directive](#), which aims to combat greenwashing by ensuring credible, comparable, and verifiable environmental information, whether related to the attributes, impact, performance, or the entity offering a product or service. Why should hospitality firms outside of Europe care? Because this Directive applies to businesses selling products or services to EU customers, irrespective of their physical location. In the tourism and hospitality sector, this entails that companies worldwide will fall under this legislation's scope. This is a game changer.

This proposed legislation primarily addresses environmental labels and claims, establishing a novel legal framework to complement modifications suggested a year ago for the Unfair

Commercial Practices Directive (UCPD), which targets deceptive greenwashing practices. The key distinction lies in setting forth minimum requirements for substantiating, communicating, and verifying such claims, with the objective of fortifying consumer trust, making it a preventive measure, in contrast to the UCPD's role in enforcement. Claims will necessitate an assessment supported by "recognised scientific evidence" and validation by an accredited and independent third party before any commercial communication, essentially creating an authorisation process. The hospitality industry has generally failed to follow independently verified, robust scientific approaches to get its house in order, and then make claims. Not all sustainable tourism ecolabels will meet the criteria of being accredited and independently third-party verified, as the interpretation of this requirement remains open.

Companies will be mandated to substantiate their environmental claims through life cycle assessments, communicate them accurately and comprehensively, and undergo external verification. Few hospitality and tourism ecolabels adhere to a life cycle assessment approach that would meet the EU standards, though, as most assess whether a company is taking action on various issues but do not demand actual measurements of environmental improvements or comparisons against industry benchmarks. Commonplace phrases such as 'net zero,' 'carbon neutral,' and 'eco-friendly' will be prohibited in advertising, social media, or packaging unless they are adequately substantiated and verified. Nowhere has this become more evident than in the proliferation of claims of hospitality firms being carbon neutral, or even more outrageously, carbon positive, because to a large extent these are the result of voluntary carbon offsetting with by purchasing carbon credits of dubious quality (Carton et al, 2021).

The Green Claims Directive is starting to materialise into specific legislation from September 2023, when the European Parliament announced its ban from 2026 for all claims that voluntary carbon offsetting leads to carbon neutral, reduced or positive products and services. Little is known at this point about what this ban will entail, or what will be the potential use of voluntary carbon offsets, if no longer relevant for carbon accounting. But one thing is clear: the two-pronged approach of having to report due to the Corporate Sustainability Reporting Directive and the stricter controls on the type of claims that can be made through the Green Claims Directive means that large hospitality businesses will need to establish a robust environmental claims management framework, which may entail adjustments to aspects of their operational model, including organisational capabilities, data management, technology, and governance structures.

In the short term, many of these hospitality businesses may find it more cost-effective to greenhush further, by limiting the number of environmental claims they make, especially if they haven't experienced tangible benefits from such claims. A growing concern is that without the perceived advantages of communicating their environmental efforts, these hospitality businesses might actually reduce their sustainability initiatives. But it is only a question of time until both regulations are applied more strictly to medium sized firms directly, and small firms because of being part of the supply chain of those large firms having to report.

How do we prepare for this change? We might not be in this mess if we had self-regulated earlier- and by this I do not mean the small and voluntary uptake of the sustainability ecolabels for the hospitality industry that we see today, and that has only marginally increased in the last 20 years. We need to work at scale, and for too long hospitality associations have been fighting government's regulation and ignored society's scepticism, resulting in many years' worth of misleading and exaggerated claims of being natural, sustainable eco, responsible, and most recently, carbon neutral. It's time to acknowledge and quickly act on the need to collectively set standards, measure and monitor the compliance of our own members, and not be afraid to de-list from our associations those bad apples that create a bad name for the sector, so we are collectively ready for the impending legislation.



## References

- Carton, W., Lund, J. F., & Dooley, K. (2021). Undoing equivalence: rethinking carbon accounting for just carbon removal. *Frontiers in Climate*, 3, 30.
- EU (2023) Green Claims, [https://environment.ec.europa.eu/topics/circular-economy/green-claims\\_en](https://environment.ec.europa.eu/topics/circular-economy/green-claims_en)
- Font, X., Elgammal, I. and Lamond, I. (2017) Greenhushing: the deliberate under communicating of sustainability practices by tourism businesses, *Journal of Sustainable Tourism*, 25(7) 1007-1023.
- Guix, M., Bonilla-Priego, M. & Font, X. (2018) The process of sustainability reporting in international hotel groups: an analysis of stakeholder inclusiveness, materiality and responsiveness, *Journal of Sustainable Tourism*, 26(7) 1063 – 1084.
- Guix, M., Ollé, C., & Font, X. (2022). Trustworthy or misleading communication of voluntary carbon offsets in the aviation industry. *Tourism Management*, 88, 104430.

### **Xavier Font** — Professor of Sustainability Marketing, University of Surrey

Dr Xavier Font is professor of Sustainability Marketing at the University of Surrey. He researches and develops methods of sustainable tourism production and consumption. He has published widely about sustainable tourism certification, and has consulted on sustainable product development, marketing and communication currently serving as advisor in the Travalyst coalition of Amadeus, Booking, Google, Expedia, Skyscanner, Travelport, Trip, TripAdvisor and Visa. He is the Editor in Chief of the Journal of Sustainable Tourism. He has conducted over 200 courses for more than 5,000 businesses on how to market and communicate sustainability. Recently, he was the Principal Investigator for the University of Surrey for the €23m Interreg project Experience to develop low season sustainable tourism visitor experiences .

### **University of Surrey | School of Hospitality and Tourism Management** — [surrey.ac.uk/shtm](https://surrey.ac.uk/shtm)

Welcome to the School of Hospitality and Tourism Management. We combine a young and dynamic outlook with a leading international reputation in Hospitality and Tourism education and research. Our success is demonstrated through our top ranked publications and teaching, our high rates of employment for our graduates and the contribution we make to good practice in the industry. We are ranked No.1 in the UK for Tourism and Hospitality by all major league tables and university guides for 2011 (The Guardian, The Times and The Independent).

HY8



# Unlocking Value in Hotel Assets through Sustainability and ESG

From Strategy to Regulation

**Maribel Esparcia Pérez**

*Managing Partner of the European Sustainable Hospitality Club*

**Synopsis**

The hospitality industry is increasingly recognizing the value creation potential of integrating sustainability and ESG criteria into hotel assets. With evolving regulatory frameworks and heightened investor and guest expectations, a proactive approach to ESG strategies and non-financial reporting is essential. Operational, physical, and transitional risks associated with climate change necessitate strategic risk mitigation through ESG practices, offering opportunities for retrofitting properties and enhancing asset value. However, challenges remain in adapting new regulations like the European Sustainability Reporting Standards (ESRS) and Corporate Sustainability Reporting Directive (CSRD) to the specific needs of the hotel sector. Despite these challenges, integrating sustainability and ESG factors is increasingly seen as a pathway to profitability, efficiency, and positive social and environmental impact in the hospitality industry. Maribel Esparcia Pérez provides some interesting insights.

**DO SUSTAINABILITY AND ESG FACTORS CREATE VALUE IN HOTEL ASSETS?**

**KEY FACTORS DRIVING CHANGE**

The potential for the value creation of hotel assets through sustainability and environmental, social, and governance (ESG) criteria presents a transformative opportunity in the hospitality industry. The evolving and dynamic landscape of regulatory frameworks and standards across markets needs a proactive approach from industry stakeholders to navigate investors' requirements and guests' expectations. Furthermore, new regulatory requirements need expertise to formulate and execute ESG strategies and it is driving hospitality businesses toward a structured approach to sustainability and non-financial reporting. As we enter the new year, a proactive approach that goes beyond compliance is needed, acknowledging the increasing expectations of guests who now consider sustainability a fundamental in accommodation experiences, across segments. Furthermore, distribution channels, corporate requests, and online intermediaries intensify the significance of sustainability-related data and benchmarking for positioning assets. Investors, progressively prioritizing ESG data and impact-focused hotels, underscore the imperative for businesses to integrate practices in strategy that go beyond basic business practices, and instead, the intention and action to have a positive impact is at the business core.

**RISKS AND OPPORTUNITIES**

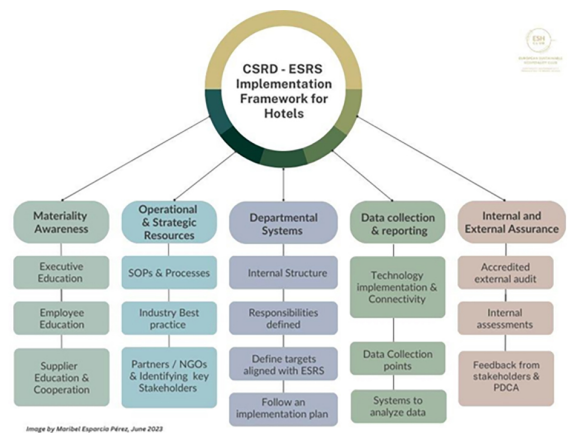
Operational, physical, and transitional risks loom large over asset valuations, supply chains, access to capital, litigation, and insurance costs, especially in a climate change scenario where transitional and physical risks place hotel assets at threat of being stranded. Thus, managing sustainability and ESG criteria is critical as a strategic risk mitigation tool and to capture business opportunities. Retrofitting existing properties presents an opportunity for brands to enhance asset value while concurrently contributing to community well-being, preserving natural resources, and revitalizing local biodiversity. Despite challenges such as inflation, high interest rates, wars, and geopolitical uncertainties, the post-pandemic era offers an opportunity for profitability, efficiencies, and Average Daily Rate (ADR) growth, repositioning the underperforming stock of

hotel assets to maximize earnings and benefit nature and people.

**REGULATION AND IMPLICATIONS FOR HOSPITALITY COMPANIES**

In light of the 2023 ESG events, the adoption of European Sustainability Reporting Standards (ESRS) and Corporate Sustainability Reporting Directive (CSRD) regulation introduces a new era of non-financial data disclosure and obligations. Despite that, according to the KPMG ESG Assurance Maturity Index 2023, only 25% of companies feel they have the ESG policies, skills, and systems in place to be ready for ESG assurance, and 27% of them have robust policies and procedures to support the development of their ESG disclosures.

The standards published so far by the European Commission are sector agnostic, which can be a challenge to adapt to the hotel sector-specific challenges, fragmented structures, and systems. See in the image below the CSRD Hotel Framework for the ESRS implementation in hotel operations.



*Materiality Awareness*

The initial phase of this proposed framework starts with materiality awareness. The aim is to improve the awareness of industry stakeholders and education as part of this transition, understanding the context-based sustainability-related issues of each asset location and company operations scope. Conducting a materiality assessment and applying the double materiality approach is a key principle of the CSRD regulation, where the disclosures and scope include the company's financial performance and the impact of the company's activities, operations, and value chain on external stakeholders and society. For this phase, upskilling the hotel teams, suppliers and business partners will be essential to gather and monitor the non-financial data required by the regulation.

*Operations and Strategic Resources*

As part of the industry transformation and improved resilience, hotels have an opportunity to strengthen local commitments by partnering with social enterprises, sharing success stories, implementing industry-wide best practices, and broadening the scope of collaboration with local partners to scale impact. Hotel managers especially have a great responsibility to lead

this transition daily. Thus, it must be reflected in budgets and strategies by adopting sustainable initiatives, replacing current practices, and driving behavior change.

#### *Departmental Systems*

As part of the sustainability plans and strategy, hotels must include systems to track, monitor, and measure their impact on the different European Sustainability Reporting Standards reporting requirements which include climate, pollution, water and marine resources, resource use and circular economy, biodiversity and ecosystems, own workforce, workers in the value chain, affected communities, consumers and end users and business conduct. Thus, every department must be ready to implement those measurements in their daily operations and tasks.

#### *Data Collection and Reporting*

One of the primary focuses of ESG initiatives within the hotel industry has been the reduction of carbon emissions by 2050 or reaching targets for net zero strategies. However, a notable challenge exists in the potential misalignment of ESG criteria, where the hospitality business's selective approach may overlook broader sustainability industry issues. These might include biodiversity loss, tackling water stress, and the absence of comprehensive climate change adaptation and preparedness plans. Additionally, attention needs to be given to social issues such as ensuring living wages, creating flexible career opportunities that meet new generations' expectations, and combating corruption and human rights violations, especially in developing countries, regions with leakage, and low compliance assurance destinations. Therefore, establishing robust governance structures remains vital for hotels, groups, management companies, operators, and hospitality companies of all sizes. The aim should be to create long-lasting benefits for all industry stakeholders, some would label it as net positive strategies, where the industry creates positive impacts in all asset stages, and those last beyond a building life cycle, inside-out and outside-in. The regulation also provides a unique opportunity for hospitality stakeholders to use technology implementation to monitor the impacts of capital allocation businesses' sustainability and ESG plans. Leveraging technology can be a catalyst for elevating operational efficiency, allowing hotel teams to focus on more meaningful endeavors that align with broader societal and environmental objectives. As part of the regulation and the proposed

framework, to enable transparency, assurance, and control technology such as Clarity AI, Weeva, Clever analytics, Apidai, and others can be of help.

#### *Internal and external assurance.*

The recent backlash to ESG terminology should not be an excuse to stop the momentum of positive impact creation in the hotel investment space while not overshadowing other crucial factors for long-term value creation like productivity and innovation. The prevalence of short-termism and speculation in commercial real estate, looking at management contracts and dates without measuring the scope of environmental and social impacts, will persist as an obstacle to mainstream change. This might lead to a lack of transparency and can impede the effectiveness of ESG initiatives. With the internal systems and external assurance with a continuous improvement strategy, it can help not only to comply with ESRS disclosure requirements but also to create business opportunities for hospitality brands.

#### **CONCLUSION**

With less than six years ahead to meet the sustainable development agenda set by the United Nations, or the protection of biodiversity ecosystems agreed at global global biodiversity framework, by 2030, and the enforcement of the CSRD regulation marks the commencement of a new year where the hospitality industry has an opportunity to harmonize business objectives with the imperatives of nature conservation, thereby ensuring the well-being and prosperity of destinations and communities. Through collaborative innovation and educational initiatives, the industry can foster a paradigm shift towards sustainability and reevaluate established practices, thereby effecting positive and meaningful changes that generate enduring value for all business stakeholders.

#### **References**

1. KPMG 2023, 'ESG Assurance Maturity Index 2023', KPMG, [Available here](#) (Accessed: 26th September 2023).
2. European Commission 2023, 'Commission adopts European Sustainability Reporting Standards', European Commission Finance, [Available here](#) (Accessed: 31 July 2023).



**Maribel Esparcia Pérez** — Managing Partner of the European Sustainable Hospitality Club

Independent Sustainability Advisor, Professor and Managing Partner of the European Sustainable Hospitality Club and Sustainability Board Member at RaiZup. ESG Advisor at ABC Luxury Hospitality for new concepts and operating assets. Passionate hotelier, led hotel operations at international hotel chains and independent hotels since 2009. Certified Change Agent by the ISSP, keynote speaker at international industry conferences, and part of the CSW63 SDGs at the United Nations HQ.

**European Sustainable Hospitality Club** — [eshclub.com](http://eshclub.com)

The European Sustainable Hospitality Club and RaiZup support hotel owners, investors, operators, and asset managers to advance sustainability at the micro-levels, aiming to democratize access to education and strategy implementation in hotel operations. We empower our community through resource provision, guidance, and education to embrace sustainability and change management. Working closely with our clients and industry peers, fostering collaboration and partnerships, we facilitate the empowerment of hotel teams to engage in innovative initiatives proactively.

HY8



# **Building a culture around an ESG strategy is not a linear process**

Operational Efficiency

**Steve Pratt**

*VP for Operations, Support and Training, Aleph Hospitality*

## Synopsis

Aleph's Steve Pratt emphasizes the importance of fostering a passion-driven, rather than checklist-focused, culture of ESG awareness in the hospitality sector. The article highlights the challenges of implementing a uniform ESG strategy across diverse hotel portfolios and the necessity of localizing efforts to fit individual hotel contexts. The key to success lies in empowering hotel staff, particularly 'Pioneers', to take ownership of ESG initiatives and apply their knowledge and passion to create viable solutions tailored to their specific hotel. This approach has led to significant results, including the formation of sustainability teams and innovative local projects. The article also discusses replacing traditional reporting methods with storytelling and shared experiences, and the role of corporate support in facilitating these efforts. Additionally, it outlines the importance of forming partnerships for broader impact and engagement in sustainability practices, demonstrating a successful model for integrating ESG into hotel operations globally.

### HOW TO BUILD AN INTERNAL CULTURE OF AWARENESS AND COMMITMENT TO ESG WHICH IS PASSION DRIVEN, NOT CHECKLIST FOCUSED.

With a portfolio of hotels which are both dissimilar in character and in location, as different from each other as Dubai from Nairobi, it can be a challenge to implement a corporate ESG strategy. What works for one hotel or location doesn't necessarily work for another. Lack of knowledge at the individual hotels is also a potential stumbling block. As for ESG reporting, the traditional checklist approach often stifles or confuses the local hotel teams, with the risk of local efforts grinding to a halt.

In my experience, certain aspects are crucial for an umbrella ESG strategy to succeed and thrive in a diverse, global hotel portfolio. First, rather than imposing corporate control, the focus should be on building an internal culture which is self-driven by passion and knowledge. Second, it has to have a realistic approach to local efforts, allowing ESG efforts to evolve organically. Finally, I have seen great results with replacing structured reporting with shared experiences and storytelling.

### BUILDING AN INTERNAL CULTURE SELF-DRIVEN BY PASSION AND KNOWLEDGE

In my role in leading the Aleph Cares programme for Aleph Hospitality, a hotel management company with a diverse hotel portfolio across the Middle East and Africa, I've found that the principle for success is to engage team members to take ownership. We ask each hotel to appoint a Pioneer who is inherently passionate about environmental, social, and corporate governance, and who is committed to raising awareness of these issues. Taking on this responsibility, each pioneer researches and initiates viable solutions at their respective hotel, working closely with the local team to develop and implement best practices. The results have been astounding, to the point that some hotels now have not just a single pioneer but what they themselves have proudly termed: a sustainability army.

From the corporate side, we teach the hotel teams about environmental issues, diversity and inclusion in the workforce, human rights, energy and water conservation, waste

management, eco-friendly product selection, community work and much more. Every new team member at every hotel gets an induction into our ESG programme and every head of department receives dedicated training as a foundation for awareness and understanding.

Armed with knowledge, the pioneers drive the initiatives independently at their hotels, with corporate functioning essentially as a support system only. It has been astonishing to see how these pioneers flourish and take ownership, spurred on by a personal passion as well as pride in seeing their initiatives succeed at their hotel.

### LOCALISING THE ESG STRATEGY

As I mentioned earlier, a corporate ESG strategy isn't a one-size-fits-all solution. We focus on localising the strategy at each hotel, inviting the pioneers and hotel teams to bring forward their own ideas. Ideas that fit the hotel because they stem from an in-depth understanding of opportunities and limitations in their community and country.

For example, we learned that recycling options in Qatar are limited, so the hotel found alternative solutions with external partners to recycle plastic bottles and send wastepaper to paper mills for the purpose of recycling.

Another example of localised efforts includes the "give a soap, give a hope" project at three hotels in Kenya. Soap leftovers from hotel rooms are melted down to make new soap bars which are then donated to children's homes and people in the community who cannot afford to buy soap. In addition, project displays in hotel lobbies with a call for donations have been very well received by guests. The proceeds are earmarked to buy essential items for a children's home.

Finally, a kitchen garden on hotel premises in Kenya was sprouting more greens than could be used in the restaurants' menus. Thinking creatively, the team started to sell excess greens to the hotel staff for private use, reducing food waste and putting the revenue back into ESG initiatives.

### SHARED EXPERIENCES & STORYTELLING INSTEAD OF REPORTING

We have replaced structured reporting and checklists with shared experiences and storytelling. Our quarterly calls, attended by pioneers and general managers, are seen as an important part of hotel operations. Having created a common language around ESG, all the hotels share ideas and experiences with each other. We talk about what you CAN do as opposed to dictating standards which could be unattainable under certain circumstances.

### PARTNERSHIPS FOR THE FUTURE

After a year of building awareness and commitment around ESG, we are taking the next steps in identifying partnerships which can widen our reach and impact beyond our portfolio of hotels.

Humanitarian partnerships on a corporate level include Aleph Hospitality's donation to Kenya Red Cross of 5% of our fees for the three Boma hotels in Kenya. We also partner with the Boma International Hospitality College in Kenya by offering internships, training opportunities and employment to students

within our hotels. Finally, we have chosen to sponsor the regional summit for the Cornell Hotel Society EMEA Chapter which offers scholarships for professional development programmes for the hospitality community.

Our latest partnership is with World Travel & Tourism Council for sustainability verification of our hotels. We have chosen WTTC, as their approach is partner driven instead of audit based, which will allow our hotels, when they are ready, to become verified within Hotel Sustainability Basics. We are not just looking for a badge of approval but see this as a great opportunity to contribute to a global organisation with criteria for people, planet and efficiency. This partnership will give us access to resources and best practices, helping us to step up our future game to become more impactful. Currently, eight hotels in our portfolio are lined up to start the sustainability verification process.

In conclusion, our success in scaling sustainability is based on instilling passion and excitement throughout the organisation globally. With corporate's role being one of support and encouragement, we focus on what CAN be attained at local levels instead of dictating standards.



**Steve Pratt** — VP for Operations, Support and Training, Aleph Hospitality

As VP for Operations, Support and Training, Steve's role is to create and implement learning solutions to support Aleph Hospitality team members' growth and development. Coaching and training programmes span all levels of the company from front-line staff in the local hotels in the Middle East and Africa to senior leaders in the corporate office. Steve is also responsible for the company's sustainability programme, Aleph Cares. As a hospitality training professional and coach, Steve holds a bachelor's degree in Leisure Management from Coventry University and a master's degree in Transdisciplinary Practice from Middlesex University.

**Aleph Hospitality** — [alephhospitality.com](https://alephhospitality.com)

Born and based in Dubai, Aleph Hospitality is the leading independent hotel management company in the Middle East and Africa. Trusted by the world's leading brands, Aleph Hospitality manages hotels directly for owners, either on a franchise basis for branded properties or as a white label operator for independent hotels. Tailored-to-fit management solutions allow owners better control of their assets, clearer operational visibility and more contractual flexibility. Aleph Hospitality manages all aspects of hotel operations at any stage of development - from site and brand selection to technical assistance, pre-opening and day-to-day operations. Aleph Hospitality has earmarked a pipeline of 50 hotels in the Middle East and Africa by 2026.

HY8



# Tracking sustainability has never been more important

Operational Efficiency

**Julie Cheetham**

*Founding Member and Managing Director at Weeva*



## Synopsis

Julie Cheetham's article highlights the critical role of sustainability and ESG in the travel and tourism industry, particularly in hotels, where guests increasingly demand tangible evidence of eco-friendly practices. Emphasizing the need to move beyond superficial 'greenwashing', it advocates for benchmarking as a key tool in validating sustainability claims using real data. This approach includes measuring basic environmental impacts and extending to broader socio-economic contributions. The piece underscores the complexity of sustainability and the importance of local context in measuring impact. It also discusses the role of technology, particularly platforms like Weeva, in facilitating sustainability management, providing comprehensive data analysis, and supporting informed decision-making. Ultimately, the article argues that accurate sustainability tracking and continuous improvement are essential for the industry's genuine commitment to positive environmental and social impact.

Positive impact from travel and tourism industry abounds — from vital job creation in rural areas and the much-needed conservation of biodiversity in ecologically important regions. Earlier this year, the World Travel and Tourism Council (WTTC) estimated that by 2033 the industry will contribute US\$ 15.5 trillion to global Gross Domestic Product (GDP). With this huge figure in mind, it is necessary to responsibly steer this growth in a direction that is sustainable and use data to power business decisions.

The industry is under intense scrutiny when it comes to what is truly eco-friendly, and who is inclusive, and committed to reducing carbon emissions. For hospitality specifically, sustainability is no longer just a buzzword; guests and travelers expect clear evidence of green practices with no room for greenwashing — and who can blame them?

Benchmarking has emerged as a crucial tool in validating sustainability claims, using real data to counter any accusations of greenwashing. But how does it work in the context of sustainability within the broader travel and tourism industry?

## UNDERSTANDING BENCHMARKING AND GETTING STARTED WITH DATA-TRACKING

We need to tackle any perceptions that climate action is for a select few travel and tourism businesses that can afford to employ dedicated sustainability teams or consultants. All businesses — regardless of size — should have access to the knowledge and expertise required. Benchmarking is like a measuring stick for businesses. It allows them to compare their performance against competitors to see how well they're doing and to keep them accountable to standards. By analysing organisational data, we can identify patterns, trends, strengths, and weaknesses to see how our businesses perform. This information is then compared to other destinations, hotels or other segments of the industry to gauge performance. For hotels, as we know, the Cornell Hotel Sustainability Benchmarking (CHSB) Index compares competitor data as a way of judging success.

A lot of the time, the ability to collect and start managing this data can be the tallest hurdle for business owners keen to take positive steps forward.

Collaboration and assessing performance against peers is a priority — but hotels and hospitality properties need to go beyond comparing themselves and noting where competitors are outperforming them. Benchmarking is not just about gathering data for comparative reasons; it's about using feedback to identify areas for improvement. Tools for monitoring and evaluation should be employed continuously to help make necessary improvements and create meaningful results that are of genuine benefit to people and the planet.

## SUSTAINABILITY IS COMPLEX AND CONTEXTUAL

Many hospitality properties start their sustainability journey by measuring the basics such as energy consumption, emissions, water usage, waste, and community welfare to determine their impacts, positive and negative. As touched on, there are tools designed to help tourism entities measure this, allowing them to understand their current usage, and then establish goals for improvement. In our industry, there are membership and standards bodies advocating for change in how businesses report and measure impact — but who to trust and how are they helpful? The [Sustainable Hospitality Alliance](#) has been pushing for standardisation for some time, but the vast array of reporting and certification systems out there can be difficult to comprehend, never mind action: but we can't manage or improve what we don't yet know. Taking on sustainability reporting can also be daunting — but immeasurably helpful, in the short and long term.

## GOING BEYOND CARBON

While parameters provide a good starting point, the impact of local tourism and hospitality businesses goes far beyond what they reveal. Operational decisions not only affect natural environments, but they also have profound implications for surrounding communities. Even urban-based properties can catalyse local economies by supporting local suppliers, community projects, and vulnerable groups, thereby enhancing the experience of guests.

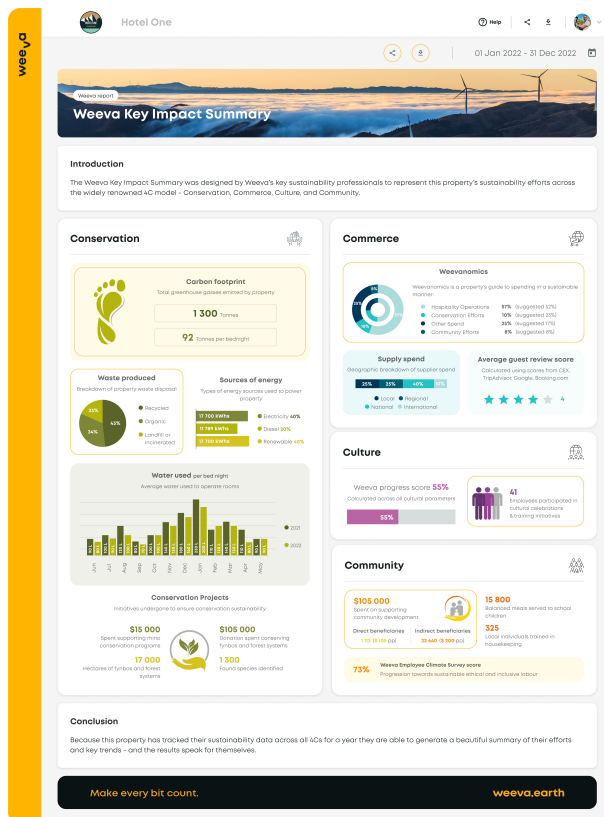
When we consider the impact in low- and lower-middle-income countries, the travel and tourism industry plays a pivotal role in enhancing economies, where it's estimated that for every job created within the industry, three more jobs are generated downstream. As an industry, creating jobs, especially among women and young people, is key to fostering inclusive, thriving communities.

## COMMUNICATING SUSTAINABILITY RESULTS

Certifications, especially those audited by an independent third party, and recognised by the Global Sustainable Tourism Council (GSTC), are a valuable way to recognise the sustainability efforts of travel and tourism businesses. However, certification can often be a sporadic indicator at a specific point in time, and not track ongoing efforts or improvements over months and years. The key to substantiating sustainability claims and celebrating successes lies in having *real data* to rely on. Over time, we can measure both the positive and negative impacts of our operations. The data doesn't lie, and so we are able to see trends emerge, identify areas for improvement, and ultimately set targets for reducing our overall footprint. Idealistic pledges and commitments are a great start, but consistent, measurable results are required.

### HOW CAN 'SUSTECH' HELP?

Weeva has developed a sustainability management platform based on The Long Run's 4Cs sustainability framework. The platform, operating like a sustainability officer in your pocket, assists hospitality properties and other travel and tourism businesses in measuring their conservation, community, culture, and commerce footprints, providing a holistic view of their performance in each area. With 18 parameters — from employee learning and development to business transparency, and ethical procurement — businesses are equipped with the tools they need to measure their impact. We call this our 360° Framework.



### TECHNOLOGY'S ROLE IN SUPPORTING DATA-LED BENCHMARKING

Weeva acts as a data-ingestion engine that allows users to track and monitor their progress over time. The platform offers users tools to visualise their data through charts and graphs. Regular reviews enable users to identify patterns in their business models and set targets for reductions with gamification features that prompt and alert users to input data and to help keep them on track. Depending on the parameter, users can create unique projects, generate reports, and access educational guides, templates, surveys, and tools. This takes benchmarking into your own hands and is part of our vision to democratise access to sustainability 'know-how' that otherwise wouldn't be available to a business that doesn't have the time, resources or ability to adhere to sustainability standards.

Having recently unveiled the beta version of our new generative AI features, to be trialled through our platform with existing and prospective users, this allows us to fully integrate the 'sustainability officer in your pocket' ethos across the platform once fully adopted. When founding Weeva, we had the belief that the digitalisation of sustainability would be the golden key to help unlock sustainability across the industry. I believe this more than ever as we continue to grow this new offering for the industry.

Here at Weeva, we believe that we can't change what we don't measure and that is why benchmarking and tracking is vital if we are to truly become more sustainable. It's up to each of us to start our own sustainability journey somehow in whatever shape or form that takes. We see ourselves as an instigator for best practice when it comes to sustainability monitoring and evaluation. We want to empower businesses to simply start tracking their sustainability. No matter how big or small, every step counts.

### Julie Cheetham — Founding Member and Managing Director at Weeva

Julie is a skilled sustainability consultant with experience spanning over 20 years. Her focus lies in sustainable development and business transformation. Having worked for a range of clients across the hospitality and corporate sectors, in 2021 Julie drew from her diverse insights and together with an initial group of thought leaders, established Weeva – a SaaS platform that will enable the travel industry to adopt a measurable and holistic sustainability practice.

### Weeva — weeva.earth

Weeva is a SaaS platform that enables tourism businesses to adopt measurable and holistic sustainability practices to improve operational efficiency and build resilience, driving positive impact for people and the planet. Focused on 18 parameters across Conservation, Culture, Community and Commerce, Weeva enables accommodation providers to monitor, manage, and improve their sustainability using a comprehensive suite of digital tools, educational guides, tasks and processes.

HYB



# **Weather extremes, tourist demand responses, climate change: the way forward**

Aiming for Net Positive

**Stefan Gössling**

*Research Professor at the School of Business and Economics, Linnaeus University*

## Synopsis

In his article, Stefan Gössling discusses the societal polarization regarding climate change action and advises hoteliers to invest in sustainable practices, citing a majority's support for climate action. Furthermore, it argues that decarbonizing business operations is economically viable and essential, with examples like solar power being cost-effective and energy-efficient. Providing further guidance the article concludes with a practical to-do-list.

Climate change is no longer in the future. Wildfires, floods, heatwaves – hoteliers all over the world have fought with the implications of extreme weather situations in the summer of 2023. Many will have realized their vulnerability – infrastructure, after all, cannot be moved.

Demand, unfortunately, can. Tourists are the most flexible in the system. One major question for the future is thus how tourist responses will be affected by expectations of uncertainty: for decades, 'climate' has been one of the major determinants of destination choice. Long-term average conditions – the climate – may soon no longer be a good indicator of what to expect in a destination. Actual weather conditions will become far more relevant for travel decisions. This creates additional uncertainties for tourism that are not in the industry's interest.

In this already complex situation, many hoteliers will also have noted that there appears to be an ongoing polarization in society. Proponents of action on climate change seem increasingly pitted against those arguing against. The implications for hotel management may seem unclear: should I invest in sustainability, 'going green'?

At least there is an easy answer to this one: Yes. Society is polarized, but only in the margins of opinion. There is much stability still in the center, with a large majority of European citizens being convinced that more should be done to limit climate change. Few question climate change altogether. The conclusion must be this: Reduce emissions where you can - and talk about it.

Isn't decarbonization of a business too costly, though? The short answer is no, for two reasons: hotels can reduce emissions at a negligible and often negative cost; and any reduction in energy use is also a way of making a business more resilient – to changes in energy prices, carbon taxes, or dependence on power suppliers. Also bear in mind the cost of insurance that will make tourism much more expensive in the future.

There is much to say about dealing with emissions. In a recent paper, we have investigated progress on emission reductions among the largest hotel chains in the world. Together, these 20 chains account for 20% of all rooms, 12% of global emissions from accommodation, and 21% of the revenue. We found emission intensities (in kg CO<sub>2</sub>e per US\$) of about 0.22 kg CO<sub>2</sub>e per US\$ in 2019. More importantly, we found that emissions per US\$ varied by no less than a factor 100 between chains, from 0.01 kg CO<sub>2</sub>e to 1.04 kg CO<sub>2</sub>e per US\$. While part of the difference between chains can be explained with acquisitions, sales, hotel types (city, resort, casino) or franchises, it seems clear that the use of renewable power or

measures reducing energy consumption can hugely improve ratios. Take geothermal cooling, for example, a measure that can bring down electricity use for A/C by more than 90%.

The fact is also that solar power is now the cheapest form of electricity, at a generation cost of just US\$0.06 per kWh. With the cost of energy being in the order of 3-6% of turnover for many hotels, the argument can no longer be ignored: To not invest in solar is now equivalent to being economically stupid. An added benefit is that solar systems have been in use for decades, and turned out to be very reliable, requiring almost no maintenance.

Last, because this argument can sometimes be heard, it is never too late to do more about climate change. Every avoided ton of carbon dioxide, every centigrade in avoided warming is going to make a huge difference for the stability of our socio-economic systems. Events considered 'extreme' at this point are not reflective of what's to come, and absolutely no region in the world is safe from the socio-economic outcomes (think failing states and climate refugees). In short, we cannot afford not to act, ever.

To make things simple, here is your to-do-list to 2025:

### 1. BECOME CERTIFIED WITH AN ECO-LABEL.

Why? It will help you to understand your business, reduce your energy and resource use, and contribute to savings that will likely outweigh the cost of certification. Once you are certified, don't forget to put up that sign telling the world that you are. Some may not care, but a large majority of your customers will applaud your efforts.

### 2. ADOPT A NET-ZERO POLICY AND MEASURE.

Why? The world needs to decarbonize within 25 years. Two key performance indicators are relevant for businesses: total emissions (scope 1 and 2) and revenue per kg of CO<sub>2</sub>e. The former is a guideline for every business to decarbonize, the latter considers economic performance. To establish both, measure year-on-year progress, and declare a net-zero goal to 2050.

### 3. INSTALL SOLAR WHEREVER YOU CAN.

Why? No electricity is cheaper, and you can install panels in many forms, not just on rooftops. Think balconies, walls, parking, the outer perimeter of your property. Other businesses or residential housing close to the hotel will rent roof space if paid a share of the proceeds. For most systems, pay-back times will be around six years: beyond that, your energy is free. Don't forget: Installing charging points for electric vehicles can reduce amortization times as you can sell power to (grateful) customers at five times the cost of generating it. A welcome side-effect: you will be less dependent on the grid.

### 4. ELECTRIFY WHERE YOU CAN.

Why? The use of electricity from renewable sources is one of the fastest ways of bringing down emissions. Electric vehicles are costly, and batteries energy-intensive to produce, but this is still the most promising way forward. An added benefit is that you can charge these with any excess-energy you might have from your solar systems, and thus reduce your fuel cost. There is also the issue of hot water: electric heat pumps are

surprisingly efficient, cheaper than oil or gas, and specifically useful when used in combination with low-temperature floor-heating.

#### 5. REINVENT YOUR MENU.

Why? For starters, in many cities the idea of “food” appears to manifest itself in a growing number of hamburger joints replacing a formerly diverse landscape of food services. For culinary reasons alone, we should reconsider. However, there is a business case as well. Vegetarian or vegan menu options are now certainly an expectation by a significant (and growing) share of customers. Food waste avoidance (kitchen, buffet, plate) has always made economic sense, and guests will appreciate the offer of a doggy-bag to take home leftovers (make those paper, not aluminum!).

#### 6. PHASE OUT PROBLEMATIC MATERIALS AND RESOURCES

Why? Speaking of aluminum, many of the materials and resources used in hotels have consequences down the supply chain. Aluminum is made from bauxite, a raw material mostly originating from tropical rainforest soils. This contributes to deforestation - as do palm oil plantations for foods such as Nutella. Giant prawn production is directly linked to the disappearance of mangroves. Foodstuffs transported over great distances also increase emissions – Pangasius flown in from Madagascar, steak from Australia, or grapes from Brazil. Unnecessary! Nobody will miss these if you replace them with sustainable alternatives.

#### 7. BRING IN STAFF.

Why? Staff love to be involved, value sustainability work, and have considerable power over savings, for example when adjusting heat levels in rooms as part of their cleaning routine. Staff may have ideas where to improve sustainability. Perhaps make it a challenge – including rewards for all?

#### 8. DISCUSS YOUR ACTIONS.

Why? The social norm is that action on climate change is positive. As hoteliers, we can reinforce this norm, by showing that we are certified, as well as through more subtle communication, such as real-time displays informing about the amount of electricity produced from solar by the hotel. Consider menu designs as well: by mentioning the farms and suppliers from which you source your foodstuffs, a sense of quality is combined with emphasis on the importance of local food purchases. Always a win-win.

#### 9. LAST: CONSIDER YOUR VULNERABILITIES.

Why? There is much risk in extreme weather events. You cannot plan for them, and it may take years to repair the damage they have caused. The advice is to develop an emergency plan for your specific situation: what will you do in a period of severe flooding, unbearable heat, wildfires (smoke, actual fires), or other risk factors in your specific area? What will you offer your guests – to pass time, in compensation?

#### 10. DONE ALL THAT? THEN BE A LEADER.

Why? Innovation depends on businesses willing to trial new approaches, walking ahead of everybody else. We need change-makers to challenge organizations such as the WTTC or UNWTO to stop the greenwashing; front figures daring to express their support for climate policies - both the incentives *and* the disincentives. Leaders to speak their mind in public. Be a beacon – shine for others!

Reference:

- Gössling, S., Humpe, A., and Sun, Y.-Y. 2024. On track to net-zero? Large tourism enterprises and climate change. [Tourism Management](#)

**Stefan Gössling** — Research Professor at the School of Business and Economics, Linnaeus University

Stefan is a professor of tourism at Linnaeus-University, Sweden. He has worked with tourism sustainability and climate change for almost three decades, and is one of the most cited researchers in the field.

**Linnaeus University** — [lnu.se](https://www.lnu.se)

Linnaeus University is a modern, international university in Småland, Sweden. A place for knowledge, ideas and development. For growth potential and a belief in the future. In Småland and in the world. Welcome to Linnaeus University!

HY8



# Hotel Sustainability Outlook for 2024 Starts with Profitability

Operational Efficiency

**Larry Mogelonsky**

*Partner at Hotel Mogel Consulting Ltd.*

**Adam Mogelonsky**

*Partner at Hotel Mogel Consulting Ltd.*

### Synopsis

The article advocates for the inseparable nature of sustainability and profitability in the hotel industry. It emphasizes the growing necessity for hotels to adapt to climate-conscious practices, driven by increasingly erratic weather and natural disasters. The industry faces pressures from both government regulations and consumer preferences, with sustainability becoming a key factor in securing financing and attracting guests. The article suggests utilizing green financing options and leveraging evolving distribution channels to highlight eco-friendly properties. It advises hoteliers to start making incremental energy and water efficiency improvements, emphasizing that small steps can cumulatively lead to significant financial and environmental benefits in the face of a rapidly changing eco-conscious economy.

Sustainability is the future for hotels, full stop. However profit-conscious or skeptical of international policies you may be, it's becoming exceedingly difficult to fight against the flow of the river that is action against human-born climate change. What we argue, though, is that going forward profitability and sustainability are the same thing.

Every year the weather gets weirder and the natural disasters more severe. With hospitality seen as a 'discretionary' industry as compared to, say, agriculture, it will naturally come under increasing scrutiny for its contribution to global carbon emissions. This scrutiny may come from governments through the form of taxation and energy efficiency mandates, or it may come about privately via restricting access to capital for only those properties deemed green or from guests voting with their wallets by only booking those hotels that have passed a third-party sustainability appraisal.

But therein lies a bevy of opportunities for those properties and brands that wholeheartedly embrace this future. On the capital side, for instance, there are now a number of green bond programs and CPACE financing options (this being for the United States, with other countries having similar programs under different names) to help you surmount the upfront capex requirements necessary to bring an existing structure up to date. Then on the consumer side, room inventory distribution is slowly evolving to offer specific vehicles for letting guests select only those properties that conform to their beliefs in this regard, including even Google that offers special search highlights to eco-certified properties.

Irrespective of any property improvement plan to better accommodate or anticipate this eco-conscious economy, where do you start in 2024? This is a question we often confront when working directly with hotel ownership as asset managers where sustainability is always an objective but it can easily get sidelined by other more pressing matters like erratic occupancies, revenue growth, staffing issues, rolling out new profit centers and upgrading the tech stack. The answer is to start small and start with getting more juice from the squeeze.

What we mean by that analogy is that a lot of properties could become drastically more energy and water efficient without drastic changes like installing a new heat pump. Instead, there are a series of incremental improvements that hotels can make. In the moment, none may elicit monumental returns but cumulatively they are quite powerful and meaningful to the

financial bottom line.

Properties can realize big gains through a series of upgrades that include but are not limited to:

1. Setting up a predictive maintenance system to better identify energy-related issues
2. Installing more IoT sensors to more precisely measure then control climate controls and air leaks
3. Low flow bathroom appliances (toilets, faucets and showerheads)
4. Upgrading to LED lighting with smarter, motion-activated controls
5. Moving away from all single-use plastics including surcharged water bottles
6. Using green cleaning products that are often also more universal to reduce cleaning times
7. With 40% of food going to waste, using the whole plant or animal alone can save a ton
8. Smaller plates for buffets that will also reduce your overall food costs
9. In the restaurant, assessing when equipment is actually needed to heighten just-in-time usage
10. Having onsite composting, vermiculture or other types of intelligent food waste recycling
11. Buying renewable energy certificates (RECs) to incentivize more green infrastructure
12. Humidity controls and water submetering with shutoff valves to increase leak prevention
13. Reducing embodied carbon by reupholstering and refinishing furniture versus buying new
14. Stormwater recapture systems to reduce the burden on local drainage infrastructure
15. Developing a standard policy for all contractors regarding sustainability selection criteria
16. If you have onsite laundry, building a plan for heightened water savings
17. If you don't have onsite laundry, discussing with your partner about their sustainability goals
18. Planting native flora species which will naturally reduce irrigation demands
19. If you have a resort, an onsite herb garden or organic farm is always commendable
20. If it allows, solar panels have progressed to now have a reasonable breakeven on cost

That's just 20 without getting into an exhaustive list. But if you did all of them and others, incrementally you would already have a far more profitable physical structure. Moreover, you would be future-proofing your hotel to align with the consumers of tomorrow who are currently willing to pay more each night for the privilege of staying at a sustainable property, rather than being forced into more defensive and reactive steps if you choose to delay the inevitable.

Ultimately, delaying action will put your brand behind those

that are pivoting to meet this future outlook on travel, with programs by the major chains including Accor's Planet 21, IHG's Journey to Tomorrow, Hilton's Travel with Purpose 2030, Hyatt's World of Care and Choice Hotels' Room Be Green. From this last one, a catchy mantra that we've always applied to every hotel's sustainability upgrades is 'going green to be seen'. That is, while most of the actual cost savings will be realized in the back of house, it never hurts to embellish your efforts with clear visual lines to the guest during every part of the customer journey so that your brand cachet becomes synonymous with eco-friendliness.

Listing on the website any big strides you've made or certifications you've accrued, posting to social media with the appropriate hashtags, highlighting your culinary team's food waste reduction efforts, putting information up on the in-room interactive televisions, and displaying usage or waste diversion dashboards so guests can see the property's efforts in real time. This alone won't happen overnight, but when you think incrementally you can add these touchpoints that will reinforce sustainability as a core facet of your brand. Eventually, with this brand cachet comes the ability to charge more per night as the average consumer comes to recognize and appreciate your brand for its eco-initiatives.

The fact remains that guests are increasingly concerned about their ecological footprints and will come to demand hotels get in line – whether by directly booking eco-friendly hotels, voicing their opinions through the companies they work at or by voting for politicians that favor climate action. This is a gradual change...until it isn't. If recent world events are any indication, guest mindsets can change in an instant with the right motivations.

But rather than view this as a doom and gloom scenario, quite the opposite; all these incremental sustainability changes will set your hotel up for tremendous success and healthier profit margins in the years to come. The key is starting now and getting into a rhythm of making those small, seemingly inconsequential upgrades that will add up to something far greater in the long run.

■

#### **Larry Mogelonsky** — Partner at Hotel Mogel Consulting Ltd.

Larry is managing partner of a hotel consultancy that assists independent luxury hotels meet their goals and helps technology companies understand how their solutions work in the hospitality field. Together with his son, Adam, they are the world's most published author in the field of hospitality, with weekly columns in many leading industry publications, as well as seven, 400+ page books on hotel management. He has been recognized by Hotel Sales and Marketing International (HSMAI) as "One of the 25 Most Extraordinary Minds in Hospitality" and by TravelClick as "Worldwide e-Marketer of the Year." He is also much sought after as a public speaker.

#### **Adam Mogelonsky** — Partner at Hotel Mogel Consulting Ltd.

As one of two principals at Hotel Mogel Consulting Ltd., Adam Mogelonsky is a strategic advisor primarily for independent properties, small hotel groups and technology vendors for the industry, specializing in helping brands determine the best path to increased profitability whatever that direction requires. As a thought leader, he has coauthored seven books on hotel management and over 1,200 articles over the past decade across a variety of trade publications, in addition to regular podcast and conference panel appearances. Lately, the focus for Hotel Mogel has been on automation, tech stack auditing, labor efficiencies, employee retention programs, heightening managerial productivity and upselling practices to maximize total revenue per guest.

#### **Hotel Mogel Consulting Limited** — [hotelmogel.com](http://hotelmogel.com)

Hotel Mogel Consulting Limited works exclusively with investors/owners/operators to help solve critical investment, management and marketing issues in the luxury segment. We also undertake public speaking at corporate and association events, where an independent point of view is desired.



HY8



# **How Innovation Unlocks Sustainability In Food System's Transition**

Operational Efficiency

**Carlos Martin-Rios**

*Associate Professor at EHL Hospitality Business School*

## Synopsis

In his article, EHL Associate Professor Carlos Martin-Rios discusses the paradox in our food system where, despite having innovative solutions to make it sustainable and efficient, we continue to adhere to unsustainable practices. This paradox reflects the tension between embracing new technologies and maintaining the status quo, particularly in the face of challenges like population growth, climate change, and resource scarcity. The hospitality and food services sectors, significant contributors to and influencers of the food system, are highlighted as areas where this paradox is stark. Despite the availability of sustainable options, such as farm-to-table initiatives and eco-friendly practices in hotels, there's a noticeable lag in widespread adoption. The article emphasizes the urgency of addressing this gap, encouraging these industries to lead in adopting sustainable practices. This shift is not only essential for the environment but also crucial for their own survival and relevance in a rapidly evolving, eco-conscious world.

In our rapidly evolving world, where technological advancements abound and information flows freely, we find ourselves amidst a paradox. We are aware of innovative solutions that could revolutionize our food systems, making them more sustainable, efficient, and equitable. Yet, we continue to grapple with the persistence of unsustainable practices that harm the environment and compromise our future. This paradox prompts us to explore a critical question: What is preventing us from fully embracing the innovative solutions that can transform our food system into a sustainable model?

## UNDERSTANDING THE FOOD SYSTEM PARADOX

Our food system paradox is, at its core, a reflection of the tension between innovation and the status quo. We are living in an age where the agricultural industry is not only ripe for innovation but, more importantly, in dire need of it. A rapidly growing global population, climate change, diminishing natural resources, and socio-economic disparities are among the pressing issues that demand transformation. It is clear that the status quo is unsustainable. Innovations are available and accessible, yet their integration into the food system remains inadequate. We must delve into the root causes of this gap and seek pathways to bridge it.

In the realm of hospitality and food services, this paradox is especially pronounced. These sectors are not only integral components of the food system but also significant contributors to its challenges and opportunities. From farm-to-table dining experiences that emphasize local and sustainable sourcing to hotel chains implementing eco-friendly practices, the hospitality and food services industry has the potential to play a pivotal role in driving innovation and sustainability. However, the gap between the availability of sustainable practices and their widespread adoption persists, highlighting the need for a holistic approach in addressing sustainability in these sectors.

## THE ROOT CAUSES

1. **Resistance to change:** A prominent barrier to innovation in the food system is resistance to change. Traditional practices have been deeply entrenched in food producers, manufacturers, distributors, and consumers for generations. Farmers and stakeholders are often hesitant to adopt new methods or technologies due to uncertainty and fear of failure. Wholesalers and retailers continue to establish barriers in food standards and prices that make it difficult to overcome longstanding detrimental practices.
2. **Economic interests:** The existing industrial food complex wields significant economic power. Corporations and stakeholders invested in this complex may perceive sustainability-driven innovations as threats to their established interests. As a result, they may hinder or slow the adoption of sustainable practices.
3. **Regulatory and policy challenges:** Regulatory and policy frameworks (or the lack thereof) that govern the food system may not be aligned with the imperatives of sustainability. These regulations can inadvertently disincentivize innovation and sustainable practices by favoring established modes of production and distribution.
4. **Lack of collaboration in the value chain:** Many innovative solutions exist but are not widely known or accessible to all stakeholders in the food system. This lack of awareness hinders the diffusion of innovations, emphasizing the pressing need to develop collaborative relationships among all stakeholders in the food value chain and bridge the sustainability gap.
5. **Consumer behavior:** Sustainable food remains an upscale, mostly inaccessible market niche. Consumer preferences and behavior play a crucial role in shaping the food system. While there is a growing demand for sustainable products, the allure of convenience and lower costs often takes precedence. This dynamic presents a challenge for innovative, sustainable alternative.

## AVENUES TO OVERCOME THE DIVIDE

- **Policy alignment:** Supranational institutions, national and regional governments, and regulatory bodies must reevaluate and update food policies to align with the goals of sustainability. This includes incentivizing sustainable farming practices, establishing subsidies for green technologies, defining standards for sustainability in the food industry, and creating incentives to facilitate the transition in retailers, hospitality, and food services.
- **Private/public consortiums for Research and Development:** Continued investment in R&D is key to identifying and refining innovative solutions. Collaboration between the public and private sectors can drive this progress, with a focus on technology and practices that promote sustainability. While research consortiums between the private sector and universities in food science and food production are common, there are still few examples of such collaborative chairs and research centers between universities and hospitality and food service chain businesses.

- **Collaborative initiatives:** Multi-stakeholder collaborations can foster a holistic approach to sustainability. Bringing together farmers, food producers, policymakers, and consumers can lead to integrated solutions that address the complexity of the food system.
- **Education, training and awareness:** An essential first step is to educate stakeholders about the innovative solutions available. Awareness campaigns, training programs, and collaborative platforms can facilitate knowledge transfer and promote sustainable practices.

## BEST PRACTICES IN INNOVATION

To illustrate the potential of innovative solutions in transforming the food system, let's explore a few notable case studies:

- **Regenerative agriculture:** Regenerative agriculture is an innovative and sustainable approach to farming that focuses on restoring and enhancing soil health while sequestering carbon. This method goes beyond traditional sustainable agriculture by actively improving the land's ecological integrity. It often involves techniques like cover cropping, reduced tillage, and crop rotation. By regenerating the land, this approach not only contributes to soil and environmental health but also yields more nutritious crops. Embracing regenerative agriculture, rather than solely focusing on local production, holds the potential to significantly enhance the sustainability of the food industry while extending social benefits to a broader demographic. It's important to recognize that agriculture can serve as a powerful tool for poverty reduction, income elevation, and improved food security, particularly for the global population residing in rural areas and predominantly engaged in farming. Although the notion of promoting localized food systems may seem appealing, it's worth acknowledging that an exclusive emphasis on local economies can inadvertently exacerbate global inequalities. As highlighted by the Food and Agriculture Organization (FAO), there are big income disparities across farmers in Europe, South America and Africa. Thus, the path to a sustainable and equitable food system may require a more nuanced and holistic approach.
- **Blockchain in supply chains:** Blockchain technology is revolutionizing food supply chains. It creates a decentralized and tamper-proof ledger of transactions and product information. This innovation enhances transparency and traceability, allowing stakeholders to verify the origin and quality of products. For example, if a consumer is buying regenerative or organic produce, blockchain can provide an unbroken record of its journey from the farm to plate. This supports ethical and sustainable choices, as well as helps in the rapid identification and management of food safety issues.
- **Food waste innovations:** Food waste is a significant global problem. Innovations in this area are reducing waste throughout the food system. For instance, new AI technologies assess the amount of food waste produced in restaurants, improving prevention measures while providing cost-effective meals. In food production, technology helps optimize crop yields and reduce losses. The hospitality sector is witnessing innovations in food preservation methods, like smart refrigeration systems that monitor and adjust temperatures to prolong the shelf life of ingredients. Furthermore, some hotels and restaurants have adopted strategies to repurpose food waste into new dishes contributing to a more sustainable food system.
- **Smart Kitchen technologies:** In the hospitality sector, smart kitchen technologies are gaining ground. These innovations include appliances, such as intelligent ovens and refrigerators, that optimize energy usage and food storage. Additionally, automated kitchen systems can monitor and control cooking processes, ensuring consistency and reducing food waste. Furthermore, AI-powered menu planning and inventory management systems are helping restaurants and hotels make more informed decisions, minimize over-purchasing, and ultimately reduce food waste. These technologies not only enhance sustainability but also improve operational efficiency in the hospitality industry.

## CONCLUSION

The coexistence of innovative solutions for a sustainable food system and our persistent failure to embrace them defines a paradox of our times. In the face of global challenges like climate change, resource depletion, and food security, embracing innovation in our food system is not merely an option but a necessity.

It is imperative that we delve into the root causes of this gap and seek pathways to bridge it not only within the broader food system but also specifically within the domains of hospitality and food services. These sectors must be at the forefront of embracing innovative solutions and practices that promote sustainability, reduce waste, and meet the evolving expectations of environmentally conscious consumers. By doing so, they can not only contribute to the transformation of the food system but also enhance their own resilience and relevance in an ever-changing world.

### Additional Reading

- Martin-Rios, C (2023). Solving sustainability challenges: The role of digital technologies and tech startups. EHL Industry Report. [Access to report](#)
- Martin-Rios, C., Rogenhofer, J., & Alvarado, M. S. (2022). The true cost of food waste: Tackling the managerial challenges of the food supply chain. *Trends in Food Science & Technology*, 131, 190-195 [Access to article](#)
- Martin-Rios, C., Demen-Meier, C., Gössling, S., & Cornuz, C. (2018). Food waste management innovations in the foodservice industry. *Waste management*, 79, 196-206. [Access to article](#)
- Martin-Rios, C., & Ciobanu, T. (2019). Hospitality innovation strategies: An analysis of success factors and challenges. *Tourism Management*, 70, 218-229. [Access to article](#)
- Martin-Rios, C., (2019). Hospitality innovation strategy in practice. [Access to report](#)

**Carlos Martin-Rios** — Associate Professor at EHL Hospitality Business School

Dr Carlos Martin-Rios specializes in Sustainability, Innovation Management and Leadership. He teaches courses on CSR & Sustainable Innovations, and Organizational Behavior & Leadership. His research focuses on sustainability and innovation management, and addresses how management theories can be applied to tackle grand challenges.

**EHL Hospitality Business School** — [www.ehl.edu](http://www.ehl.edu)

EHL Hospitality Business School (Lausanne) is an ambassador for traditional Swiss hospitality and has been a pioneer in hospitality education since 1893 with over 25,000 alumni worldwide and over 120 nationalities. EHL is the world's first hospitality management school that provides university-level programs at its campuses in Lausanne and Chur-Passugg, as well as online learning solutions. The School is ranked n°1 by QS World University Rankings by subject and CEOWorld Magazine, and its gastronomic restaurant is the world's only educational establishment to hold a Michelin Star.

HYB



# Robotics, an ESG solution?

Operational Efficiency

**Alexander Sassen**

*Lecturer Finance & ESG, Hotelschool The Hague*

**Klaas Koerten**

*Researcher Robotics, Hotelschool The Hague*

**Synopsis**

In the hospitality industry, the integration of robotics and ESG principles is gaining traction. While ESG focuses on sustainable practices, including workforce management, robotics offers solutions to labor challenges. This article delves into how robotics can enhance the 'Social' aspect of ESG within the EU hospitality sector. It explores the potential of robotics in improving workforce conditions, such as work-life balance and training opportunities, despite current limitations and cultural challenges in the industry. The piece also discusses the broader implications of ESG regulations on corporate behavior, emphasizing the need for a holistic approach where technology is guided by a commitment to employee welfare and sustainable practices.

Together with AI, robotics and ESG (Environmental, Social, and Governance) have gotten a lot of attention in hospitality; ESG is touted as the solution to all the sector's sustainability challenges (in the broadest sense of the word), while robotics is often mentioned as the solution to labor shortages, high labor costs, low productivity and or a combination thereof. While both ESG and robotics will play a role in the abovementioned, they are not a panacea; often the expectations of the industry far outstrip what is realistically possible in the short term.

In this article, we will focus on the role robotics can play in improving the score of some labor key performance indicators linked to the S in ESG within an EU hospitality setting. We will explain both the basics of ESG and robotics, before we explain what the latter can do for the former.

Environmental	Social	Governance
Sustainability & Resource Efficiency	Equitable Society & Respect for Human Rights	Accountable Governance & Transparent Operations
Pollution & Waste Climate Change	Gender & Diversity Safety & Quality Controls Human Rights & Labor Standards	Corporate Behavior Corporate Governance
Energy Efficiency		Accounting Practices Board Practices & Anti-Corruption Policies
Natural Resources	Privacy & Data Management	

Figure 1: Topics under ESG. (Source: Authors' own)

**ESG BACKGROUND**

ESG, encompassing Environmental, Social, and Governance factors (See Figure 1), currently involves disclosing non-financial alongside mandated financial information. Companies with a subpar ESG profile, will increasingly face more problems with capital availability, higher capital costs and lower valuations, making ESG a matter of corporate survival. Particularly relevant to the hospitality sector is the European Sustainability Reporting Standards (ESRS) S1 under the EU's Corporate Sustainability Reporting Directive (CSRD), focusing on 'Own Workforce' disclosures, involving aspects such as Secure Employment, Working Time, Adequate Wages, Work-life balance, and Training & Skills Development.

In an industry heavily reliant on labor, adhering to these standards can significantly affect an establishment's ESG profile. Interestingly, these aspects are also areas where robotics may offer innovative solutions. With developments in robotics, the hospitality sector has the potential to enhance its ESG strategy, affecting multiple aspects of workforce operations, which ultimately may have material consequences.

**ROBOTICS IN HOSPITALITY**

Ever since the 1950's, robots have been taking over tasks in the manufacturing industry. This all started with the development of the Unimate robot. This machine was deployed in a General Motors car factory where it moved cast metal parts out of an oven that were often too heavy and too hot for human employees to handle. Robots are standard machines that, due to their generic design and great flexibility, can be programmed to perform a multitude of tasks. Robots are used to take over tasks that are too repetitive, heavy or precise for human employees to execute. Industrial robots come in two main types; robotic arms and AGVs (Automated Guided Vehicle). Robotic arms are often fixed in one place and execute repetitive actions. The most famous examples are the groups of robotic arms that weld together cars. AGVs, are wheeled carts that move autonomously through factory halls to transport items. Their design is often much simpler than that of the robot because their tasks consist of navigating autonomously through factory environments. AGV's have also been introduced in hospitals where they transport items, a prominent example of this is Aethon's TUG robot which can save a hospital multiple FTEs (Full Time Equivalent) because of its logistical capabilities.

First examples of robots have also been introduced in hotels and restaurants. The most effective robot to date is the restaurant robot that can transport items through hotel and restaurant venues. Research has already shown that introducing said robots can increase turnover for large restaurants. When employees direct these robots to a table, they will find their way there autonomously. They have an internal map of the restaurant floor and will stop when someone jumps in front of them.

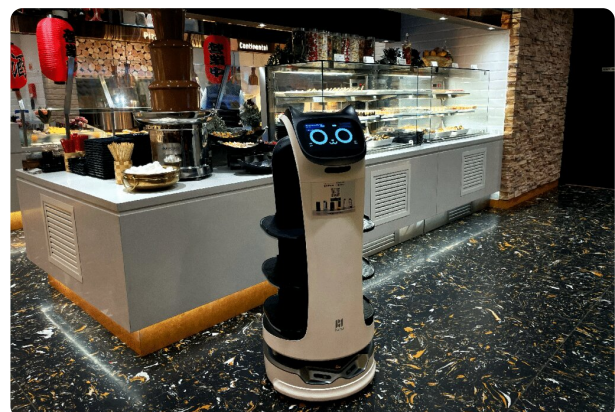


Figure 2: A Bellabot restaurant robot (COSMO Authentic World Kitchen)

Other robots that have penetrated the hospitality industry are interaction robots like Softbank's Pepper. These robots can be used as concierges, to provide guests with information and to handle complaints.

It is expected that, just like in manufacturing, robots will take over a huge number of tasks in hotels and restaurants. However, there are big fundamental differences between factory and hospitality work environments. The biggest factor is the presence of guests. Guests are untrained to deal with robots and, should they have a bad experience, can choose not to return to the hotel or restaurant.

Other than in manufacturing contexts, where productivity and efficiency are often directly related to profits, in hospitality, it is the guest satisfaction that determines a big part of profits. The examples that are currently used in hospitality only take up a few distinct tasks.

So, for certain tasks, robotics can be used and thus potentially free up employees to be involved in more value adding tasks within the operations. It could also allow more time for further training and education of these employees. As several research papers have indicated, personal development & training are deemed one of the most important factors in job satisfaction. Furthermore, “greater autonomy and independence, greater power of decision making...” are other factors with significant impact on job satisfaction. Wages are yet another factor, which in most surveys come forward as a reason for job dissatisfaction (i.e. wages being too low).

Robotics could therefore, theoretically, play a direct and significant role on 4 ESRS S1 sub-sub-topics: Work Time, Adequate Wages, Work-life Balance, and Training & Skills Development. For example, by reducing the number of menial tasks within an employee’s job, the job becomes more meaningful. Also, by freeing up time, there could be more room for training and skills development. Furthermore, this should allow the employee to be involved in positions with greater power of decision making and should allow the employee to become more productive, thus creating more room for wage and/or salary increases as the benefit of increased productivity can be shared between employees and employer.

Furthermore, an increase in productivity due to robotics could allow for a better work-time and work-life balance, as overworked employees can be relieved of certain menial tasks. This is an ideal scenario though, as current issues in hospitality also derive from the work culture, where employees are expected to work for long hours and low pay. It is not a given that robotics will alter this culture. Furthermore, this also assumes that the costs of robots do not outweigh these benefits of course.

Another possible advantage of robotics in this matter could be that the increased job satisfaction will reduce employee turnover. This will not only be an advantage to the employer (lower employee acquisition and retention costs, better and more consistent service levels), but also to the employees who will be able to build better and more meaningful relations with their coworkers.

As the paper of Peter Heimerl, Marco Haid, Lea Benedikt, Ursula Scholl-Grissemann brought forward, a positive relationship with a supervisor is yet another factor in job satisfaction, so having a lower turnover could, logically, lead to better relationship between supervisors and their employees. Although this does not directly relate to the ESRS S1 sub-topics and beforementioned sub-sub-topics, it can clearly cement these.

These advantages are easy to imagine, but to some extent, they are conceptual, and it might take years before actual competitive robotic alternatives will be available to the hospitality industry. The current examples of robots for

hospitality are still quite simple and not necessarily tailored to hospitality contexts.

One important thing to realize is that robots operate in the Sense, Think, Act paradigm. This means they take in sensory input from the environment and translate this into useful information. Then they determine what type of action to take and then act by performing this action in the physical environment. It is important to stress that two out of the three things that are key to robotic operations, the Sense and Act part, take place in a constantly changing environment with untrained guests that are not used to robots.

Successfully performing the Sense and Act actions are also highly dependent on hardware, where the Think part is dependent on software. Computational software has taken a flight in recent years with developments such as generative AI. For robots, updating software only takes a few moments, while updating hardware requires actually taking apart the robot and physically altering it. And automating tasks in hotels efficiently will most likely require new hardware for task execution that has not been developed yet.

Next to the technological hurdles that need to be overcome, there are also some organizational ones. It can be considered naïve if we expect all hotels to use the newly gained free time of their employees to invest in their training and guest connections. In an industry as competitive as hospitality, it might also be possible that hotel managers will adopt technology to simply be able to run operations with less employees.

Then there are also societal challenges that the automation of jobs in hospitality could affect. In general, automation does not decrease the number of jobs that exist, as when things get automated, new jobs become available in terms of manufacturing, maintaining or even selling the new technologies. However, it should be noted that this transfer of jobs is between uneducated and highly educated work. Many hospitality jobs provide essential employment opportunities for individuals with limited access to education. Subsequently, automation in this sector could offset societal benefits, potentially undermining the positive ESG impacts of robotics

Although robotic technology has the potential to solve many issues in hospitality, it might take years before its full potential is explored. The key will be the people who implement robotic technology; they must have the best interest of the hospitality employees at heart when implementing robotics and other forms of technology. Technology alone will not solve hospitality’s problems, people with the correct mindset will.

Perhaps that is where ESG disclosure regulations might foster this necessary mindset, but this will be achieved indirectly at best, as a good mindset cannot be mandated. But ESG reporting requirements will give capital providers (and other stakeholders) more insight than ever before into how well workers are treated by which hospitality companies, as this data has to be made public now. The increased transparency might thus lead to different corporate behavior as there will be financial consequences (higher cost of capital, lower availability of capital, reputational damage to name a few)

if treatment of the workforce is deemed subpar. ESG regulation could therefore indirectly affect corporate behavior.

Thus, while robotics might have replaced labor on the factory floor to save costs, within hospitality robotics might allow companies to score better on the ESRs linked to its workforce, which will allow companies to reap beforementioned financial benefits. In that respect, the usual purpose of robotics to save labor costs, might actually be turned on its head by ESG regulations.

As stated before, it is still early days though, both concerning robotics development and ESG disclosure effects within the hospitality sector, but some optimism about the *long-term* effects of both might be warranted.



**Alexander Sassen** — Lecturer Finance & ESG, Hotelschool The Hague

After working as an equity analyst and equity broker to UK hedge funds for 11 years, Alexander started his own financial research shop, Sassen Research. In 2019 he joined Hotelschool The Hague as a Lecturer in Finance & ESG. In 2023 he also started an ESG consulting firm, Conifer Advisory Services.

**Klaas Koerten** — Researcher Robotics, Hotelschool The Hague

Klaas Koerten, MSc ir., is originally from Haarlem, the Netherlands. With some side projects focusing on Architecture and Industrial Design, he graduated at Delft University of Technology on the topic of human-machine interactions, which focused on designing control interfaces that humans and automated systems operate simultaneously. The goal of this was to make optimal use of the qualities of humans and automated systems. In 2021 he started as a researcher of hospitality robotics at Hotelschool The Hague.

**Hotelschool The Hague** — [hotelschool.nl](https://www.hotelschool.nl)

Hotelschool The Hague was founded in 1929 and is one of the oldest independent hotel schools in the world. The school has two campuses, one in The Hague and one in Amsterdam, with more than 2850 students and 250 employees. Hotelschool The Hague has been voted the best public hotel school in the Netherlands since 2014 and ranks among the top hospitality management schools worldwide according to QS World University Rankings. Furthermore, according to Keuzegids, the school had the best Master in Business Administration since 2019. Graduates of Hotelschool The Hague hold management positions in the hospitality industry worldwide.



HY8



# **Simulation games are the future of sustainable hospitality training**

Operational Efficiency

**Tim Rogmans**

*Managing Director at Sim Institute*

## Synopsis

Tim Rogmans discusses the role of simulations in enhancing sustainability management skills in the hospitality sector, bridging the gap between theoretical learning and practical application. Traditional methods, like classroom learning and on-the-job training, fall short in effectively teaching sustainability concepts, which often seem abstract and removed from hotel operations. Simulations provide a dynamic and engaging way for learners to make decisions as decision-makers in a virtual environment, receiving immediate feedback on their actions. This method has been successful in developing basic management skills and is now seen as a potent tool for teaching sustainability. The article suggests considering various factors while choosing simulations, such as the decision-maker's role, the scope of the simulation, its length, complexity, and customization options.

Compared to other business disciplines, management training for the hospitality sector is practical in nature. The world's top schools emphasize the acquisition of hands-on hospitality skills in areas such as food, customer service, construction, and accounting. Not surprisingly, on-the-job training is a large component at many leading schools, enabling students to gain real-world experience that is relevant to their future careers.

When it comes to developing the sustainability management skills that are fast becoming essential for today's hospitality managers, both the traditional classroom and practical work experience are suboptimal learning methods. In the classroom, textbooks, lectures and videos are often experienced as dry and theoretical. Concepts such as greenhouse gases, emission factors, scope 3 emissions and net-zero appear abstract and far removed from the operational reality of hotels. At the same time, it is challenging to make on-the-job sustainability training a meaningful exercise. Unlike in operational roles, the impact of sustainability initiatives can take time to materialize and is difficult to observe.

Simulation games offer the potential to bridge this gap between theory and practice. Although the adoption of simulations in management education has been increasing, there are still many instructors who have not yet used them in class. This article provides an overview of the use of simulations in hospitality education and training, and gives guidelines on how to get started.

## SIMULATION GAMES IN HOSPITALITY EDUCATION

Online management simulation games ('simulations' in short), provide a solution in the search for an effective way to develop sustainability skills in the hospitality industry that is both robust and engaging. With simulations, learners play the role of a decision maker in a fictional entity (for example, a hotel), make decisions in a complex and evolving setting, and receive real-time feedback on their performance. If deployed properly, the decisions that students make in a simulation are designed to practice skills that are in line with the learning objectives of a course. Students apply the theory they have learned in class and see the results of their decisions in a condensed time period, based on parameters in an underlying simulation model. In this way, simulations provide a safe and effective bridge between theory and practice.

Simulations have been used for some time in hospitality training to develop basic management skills, such as business planning, marketing, human resources and revenue optimization. Provided that instructors plan the use of a simulation in a thoughtful way (see [here](#) for an article on what this entails), the result tends to be more engaged students, improved learning outcomes and greater confidence in the workplace after graduation. As instructors and students have become familiar with the use of simulations in general hospitality management education, there is now great potential to expand their use in the development of sustainability skills.

## SIMULATIONS IN SUSTAINABILITY EDUCATION

Sustainability challenges are to a large extent about how systems operate (such as greenhouse gas emissions in the atmosphere or diversity of species on the planet) and simulations provide great potential for teaching about systems. In a simulation, as students are presented with information on how a system operates (a 'theory'), they can make decisions and take action in order to reach desirable results in a gamified setting.

When planning the use of simulations in sustainable hospitality education, it is worthwhile to consider the types of simulations that are available to ensure that the selected simulation matches the learning goals of a course. Below are several ways of classifying simulations that need to be taken into account in the selection process.

**Who is the decision maker:** In sustainability simulations, the decision maker represents either an individual consumer (making decisions on behavior and purchasing), a company (making the company sustainable) or a policymaker (setting policy). For hospitality management students, simulations in which decisions are made on behalf of a company (for example, a hotel) are likely to be the most relevant. The company should be one that students can easily relate to, for example in terms of its activities and location.

**What is the scope of the simulation:** In management education, sustainability can be defined on a spectrum from narrow to broad. Some courses and simulations will deal specifically with climate change, including the actions that companies can take to reduce emissions and mitigate the effects of climate change on their business (see [here](#) for an example). Alternatively, sustainability may be defined broadly and encompass all of the Sustainable Development Goals (SDGs) or a variety of Environment Social and Governance (ESG) factors (see [here](#) for information on the Net Positive Hospitality simulation from the Sustainable Hospitality Alliance). One way of defining sustainability is not necessarily better than another, but instructors need to ensure alignment between the contents of a simulation and the learning goals of the exercise.

**Length:** Simulations are of varying durations, ranging from 30 minutes to up to 10 hours. Longer simulations are used over several class periods and end up becoming a central part of the course, while short simulations are used to hone more specific skills. In practice, simulations that take about an hour to play are still able to provide a holistic and rich experience to learners.

*Complexity and customization:* Simulations need have a level of complexity that is appropriate for the target audience. If a simulation is too simple, students will conclude that the setting is not realistic and get bored. If it is too complex, they will become confused and get lost. In both cases, little learning takes place. Fortunately, there are many ways to tailor the use of a simulation to specific audiences, either by using customization options that are available as part of the instructor settings or by briefing students to use the simulation in a particular way. Customization options can involve the inclusion or exclusion of particular game objectives (e.g. staying within a carbon budget) and results (e.g. cumulative emissions vs. the carbon budget). Other ways to customize are the inclusion of unexpected events during the simulation or the tailoring of model parameters.

Although one type of simulation is not better than another in an absolute sense, understanding the characteristics of simulations and ensuring that they are aligned with the course learning objectives, is a critical step in ensuring success.

### **SIMULATIONS FOR PROFESSIONAL TRAINING**

Whereas in an educational setting the emphasis is on understanding course concepts by applying them, in professional training there are additional benefits. Typically, professionals are even less inclined than students to sit through lectures and memorize materials and simulations are a great way to bring sustainable hospitality to life for them. In addition, sustainability simulations can be effective tools for change management and business planning. With simulations, professionals develop not only the knowledge, but also the confidence and enthusiasm to improve their hotel's sustainability performance. By discussing the choices that are presented to them with colleagues, learners start generating options and plans that can work for their company and generate the willingness to take the required action. In short, for professionals a simulation can serve as a tool for training, change management and planning at the same time.

### **CONCLUSION**

Although educators and trainers are generally enthusiastic about the idea of experiential learning methods such as simulations, many are still reluctant to get started with them. The advent of online facilitated training, the increase in availability of high-quality sustainable hospitality simulations and the urgency of the world's sustainability challenges make it possible and necessary to adopt simulations at scale in hospitality education and training.

#### **Tim Rogmans** — Managing Director at Sim Institute

Dr. Tim Rogmans is Managing Director of Sim Institute, a company that designs and develops simulation games in sustainability and other management disciplines. He is the author of the award-winning Sustainability Management Simulation: Net Zero and partnered with the Sustainable Hospitality Alliance on the development of the Net Positive Hospitality simulation. Tim is a faculty advisor for Harvard Business publishing and writes frequently on the effective use of simulations in business education.

#### **Sim Institute** — [siminstitute.com](https://siminstitute.com)

Sim Institute is a global leader in the design and development of simulation games for sustainability and management education.

HY8



# **Mobile & Modular Architecture: Shaping the Sustainable Future of Hospitality**

The Built Environment

**Graeme Labe**

*Managing Director & Principal, Luxury Frontiers*

### Synopsis

The hospitality industry stands at the forefront of a sustainable revolution, with mobile and modular architecture leading the way. The author sees immense potential in these innovative design approaches, which promise to redefine luxury and comfort through a sustainable lens. These architectural styles bring mobility, flexibility, cost-effectiveness, and time efficiency to the table, all while maintaining a strong commitment to reducing environmental impacts. By harnessing sustainable materials, focusing on energy efficiency, and minimizing site disturbances, mobile and modular accommodations offer a visionary approach to the future of hospitality. In this article, Graeme Labe explores how, with the appropriate infrastructure and design strategies, these progressive solutions can deliver extraordinary, eco-friendly guest experiences, setting a new standard for sustainable luxury in the hospitality sector.

As a global leader of hospitality design, we are passionate about the future of sustainable design and its applications in the hospitality industry, as a design studio we are intrigued by the potential of mobile and modular architecture. This innovative approach is poised to revolutionize the way we envision and create hotels and resorts, offering not only flexibility but also a powerful solution for reducing environmental impact and widening the possibility of remote and untouched locations that were previously limited by accessibility or environmental constraints. In this article, I will delve into the world of mobile and modular architecture, focusing on its potential in the realm of experiential hospitality.

### THE MOBILITY OF DESIGN

One of the most exciting aspects of mobile and modular architecture is its capacity to transcend geographical limitations. The concept of "mobile architecture" essentially means that the architectural design form, interior fit-out and infrastructure/MEP can be disassembled, transported, and reassembled at different sites and locations. This opens up a world of possibilities, especially in the adventure hospitality sector.



*Wilderness Usawa Serengeti, a luxury mobile camp*

Mobile camps, which are designed to be temporary and portable, provide a prime example of this concept in action. These camps often serve as a hotel in remote or pristine natural environments where traditional structures may not be

allowed or appropriate. The ability to dismantle and relocate such facilities means they can be strategically positioned to minimize their impact on the environment while offering unparalleled experiences to guests. The ability to do this allows for the up-close experience of natural events, such as animal migrations or celestial events, which only take place at certain times of the year. Not only is this environmentally viable, but also becomes economically viable.

The design approach to mobile architecture is a combination of clever engineering and contextual aesthetic design. The architecture always has to bear in mind that the structure needs to be durable, yet lightweight, easily packaged, transported and again reassembled while still being luxurious. Therefore, when designing as much design effort has to be given to the structure in its final form as to the structure in its dismantled form. From an interior perspective consideration to guest comfort as well as guests needs need to be considered, without creating clutter. Therefore, each element needs to be designed in its functionality and its ability to meet the needs of mobility, this all done without compromising on luxury and aesthetic layers.

### MODULAR ARCHITECTURE: FLAT PACK VS. CUBIC FORM

Modular architecture is gaining more traction as an alternative to traditional construction methodologies. In modular architecture, buildings are created in sections or modules, which can be combined to form complete structures. There are two prevalent forms of modular architecture - flat pack and cubic form.

#### FLAT PACK MODULAR ARCHITECTURE:

Flat pack modules are essentially prefabricated components that are easily transportable due to their compact, flattened form. These modules can be efficiently shipped to the desired location, saving both time and resources on-site. Once on-site, they are assembled to create the desired structure.

#### Pros:

- **Cost-Efficiency:** The transportation of flat pack modules is cost-effective, making it a budget-friendly option.
- **Time-Saving:** Assembly of flat pack modules is relatively quick, reducing construction timelines.
- **Ease of Transport:** Flat packs are lightweight and can be transported using standard shipping methods.
- **Light on Earth:** Minimises the invasive effects on the land where its being built.
- **Recyclable:** Can be removed and recycled at the end of its lifespan.

#### Cons:

- **Space Efficiency:** Flat packs might not utilize space as efficiently as cubic forms due to their flat nature.
- **Design Limitations:** The flat shape can restrict design possibilities and tends to have a cookie cutter look and feel.

**CUBIC MODULAR ARCHITECTURE:**

Cubic modules are more volumetric in shape, resembling standard shipping containers. These self-contained units are transported to the location as complete modules and stacked or arranged as needed.

**Pros:**

- **Space Efficiency:** Cubic forms are efficient in space utilization, often resembling traditional room structures.
- **Versatility:** They can be stacked or arranged to create a variety of layouts and configurations.
- **Design Freedom:** Cubic forms offer greater design freedom due to their room-like shape.

**Cons:**

- **Transportation Costs:** The transportation of cubic modules can be costlier due to their bulk.
- **Construction Time:** Assembly may take longer compared to flat pack modules.
- **Cost and Time Benefits**

Cubic modular architecture, on the other hand, provides efficiency in space utilization, potentially leading to more economical use of materials. This approach also offers flexibility, as configurations can be adapted to specific requirements, whether it's a luxury suite or a cozy cabin. However, the cost of transportation and assembly may be slightly higher.



*Wilderness Usawa Serengeti, a luxury mobile camp*

**SUSTAINABILITY: THE "LIGHT ON EARTH" APPROACH**

Sustainability is at the core of the mobile and modular architecture concept. In the hospitality industry, minimizing environmental impact is a pressing concern, and this approach aligns well with the goal of "leaving no trace."

- **Sustainable Materials:** Using sustainable and eco-friendly materials in the construction of mobile and modular units is a fundamental practice. Renewable and recycled materials, along with energy-efficient fixtures, not only reduce the environmental footprint but also create a healthier and more appealing environment for guests.
- **Energy Efficiency:** Modular structures can be designed to be highly energy efficient. Integrated solar panels, energy-efficient heating and cooling systems, and smart technology can significantly reduce energy consumption, leading to long-term operational savings. In the case of mobile design PV technology can also be designed in a form that adheres to the need of mobility.

**INFRASTRUCTURE FOR OPERATION**

The success of mobile and modular hospitality solutions also relies on efficient infrastructure. This includes the provision of utilities, water, waste disposal, and amenities. It's essential to strike a balance between comfort and sustainability. Eco-friendly solutions such as composting toilets, rainwater harvesting, and off-grid power generation are integral to the overall sustainability of these projects. These systems can all be designed in packaged form that meets the same criteria needed for mobility or modularity.

**CONCLUSION**

In conclusion, the use of mobile and modular architecture in the hospitality sector represents a promising future for sustainable design. These approaches offer mobility, flexibility, cost, and time benefits, and, most importantly, a commitment to reducing environmental impact. By utilizing sustainable materials, emphasizing energy efficiency, and minimizing site impact, these accommodations provide an exciting glimpse into a more sustainable future for the hospitality industry. With the right infrastructure and design approach, these innovative solutions have the potential to create remarkable, environmentally friendly guest experiences without compromising on luxury and comfort. As an architect, I believe that the future of hospitality lies in mobile and modular architecture that is not only kind to the Earth but also to the experiences of the guests it serves.

■

**Graeme Labe** — Managing Director & Principal, Luxury Frontiers

Graeme is responsible for guiding the creative direction that has earned the company recognition as a global leader in sustainable and biophilic design. With a rich background spanning more than 25 years, Graeme specializes in alternative construction techniques and environmentally responsible off-grid designs. As the current and previous recipient of a Radical Innovation award, Graeme remains dedicated to pushing the boundaries of innovative sustainable hospitality design to new frontiers.

**Luxury Frontiers** — [luxury-frontiers.com](http://luxury-frontiers.com)

Luxury Frontiers, founded in 2011, is a specialist design firm focusing on alternative architecture and interior design for the luxury immersive hospitality market. The design studio's ethos is rooted in biophilic, nature-centric and sustainable design, whilst integrating alternative building methodologies. Luxury Frontiers' impressive portfolio boasts award-winning projects worldwide, for their clients such as Aman, Belmond, Four Seasons, Nayara Resorts, Wilderness, Ritz-Carlton, and One & Only.

HY8



# **Redefining Hospitality: A Vision for Sustainable and Innovative Design**

The Built Environment

**Yasmine Mahmoudieh**

*Founder Principal, Yasmine Mahmoudieh Design*

## Synopsis

In her article, Yasmine Mahmoudieh outlines the transformative journey of hospitality design towards a future where sustainability, technology, and experiential aspects are seamlessly integrated. The industry is at a pivotal point, ready to redefine how hospitality spaces are created and experienced. This evolution goes beyond meeting environmental standards; it focuses on enhancing guest experiences while ensuring economic sustainability. Key to this transformation is the adoption of innovative, eco-friendly practices that not only improve operational efficiency and reduce costs but also align with the values of contemporary travelers. The combination of advanced technology and sustainable materials is set to create spaces that are not only environmentally conscious but also elevate guest comfort and satisfaction, thereby securing the industry's financial future.

The hospitality industry, a cornerstone of global tourism and leisure, stands at a critical juncture, transitioning towards an era defined by sustainability and innovation. This paradigm shift, far more profound than a mere trend, is driven by escalating environmental concerns and rapidly evolving consumer preferences. As the world grapples with climate change and resource depletion, the industry is being compelled to redefine the very notions of luxury and comfort, framing them within the context of ecological responsibility and sustainable practices.

This transformative phase in hospitality goes beyond the adoption of energy-efficient practices and green policies. It involves a holistic re-evaluation of how hotels are designed, built, and operated, placing sustainability at the core of business models and guest experiences. Traditional materials and methods are being reconsidered, making way for innovative alternatives that promise lower environmental footprints without compromising on quality or aesthetics.

Emerging technologies are playing a pivotal role in this transformation. Advances in areas like 3D printing, renewable energy, and smart building systems are not just enhancing operational efficiency but are also opening new avenues for creative and sustainable design. These technologies are enabling architects and designers to push the boundaries of what's possible, blending form with function in exciting new ways.

Equally important is the evolving design philosophy in the hospitality sector. There is a growing recognition that the design of a space can significantly impact the health and well-being of its occupants. This realization is giving rise to design approaches that emphasize natural light, open spaces, and biophilic elements, creating environments that resonate with guests on a deeper level.

Moreover, changing consumer expectations are shaping the future of the industry. Today's travelers are more environmentally conscious, seeking accommodations that align with their values. They are not just looking for a place to stay; they seek experiences that are both luxurious and sustainable. This shift in consumer mindset is catalyzing the industry to innovate and adapt, offering experiences that are both indulgent and responsible.

In exploring these facets - innovative materials, emerging technologies, design philosophies, and changing consumer expectations - this article aims to paint a comprehensive picture of the future of sustainable hospitality. It looks at how the industry is rising to the challenge of balancing luxury with sustainability, creating spaces that are not just environmentally responsible, but also culturally relevant and deeply engaging. As the industry stands at this crossroads, the choices made today will define the trajectory of hospitality for years to come, setting new benchmarks in sustainability, guest experience, and economic viability.

## THE ROLE OF TECHNOLOGY IN SUSTAINABLE DESIGN

Emerging technologies like 3D printing with recycled materials are reshaping sustainable hospitality design, allowing for intricate, customized designs that minimize waste. Building Information Modelling (BIM) and energy-efficient HVAC systems are enhancing the sustainability of hotel designs.

- *Design Philosophy and Multi-Sensory Approach*  
- Sustainable hospitality design is increasingly adopting a multi-sensory approach, creating environments that engage all the senses and enhance the guest experience. The integration of natural elements and sustainable materials creates immersive, resonant spaces.
- *Consumer Expectations and Sustainable Hospitality*  
- Consumer preferences are shifting towards sustainability in hospitality. A Booking.com report shows a growing demand for eco-friendly accommodations, indicating a significant market shift towards sustainable practices in hospitality design and operations.

## LONGEVITY AND INNOVATION IN DESIGN

Sustainable design in hospitality also emphasizes longevity. Innovative designs that withstand time reduce the environmental impact of frequent refurbishments. The enduring nature of well-thought-out sustainable design is exemplified by the Intercontinental Hotel in Berchtesgaden.

## ECONOMIC BENEFITS OF SUSTAINABLE HOSPITALITY

Sustainable practices offer significant economic benefits in the hospitality industry. Contrary to assumptions of higher costs, sustainable designs often result in long-term savings and improved ROI. Eco-friendly hotels benefit from reduced operational costs and increased appeal to environmentally conscious travellers.

## SUSTAINABLE MATERIALS AND CONSTRUCTION

The choice of construction materials significantly impacts the hospitality industry's environmental footprint. Concrete, traditionally favoured for its durability and versatility, contributes to about 8% of global CO2 emissions, as per Chatham House. This has led to the exploration of sustainable alternatives that offer similar benefits but with lower carbon costs and less environmental impact.

## INNOVATIVE SUSTAINABLE MATERIALS

In addition to concrete alternatives, the industry is adopting materials like 'Good Carbon,' 'Made of Air,' and air-purifying ceramics such as Active Air from Iris Ceramica. These innovative materials contribute to better indoor and outdoor air quality and offer unique aesthetic appeal.



## 1. MADE OF AIR (MOA)

- Composed of 90% atmospheric CO<sub>2</sub>, obtained through carbonization by pyrolysis, and 10% of plant-based binders.
- Made of Air technology allows products to obtain flame retardant and recyclable composites that can be modeled into panels and three-dimensional shapes, or they can replace fillers for plasterboard or polymer fillers for injection molding.

## 2. YI BRICK

- Using the waste of non-degradable ceramic to create eco-materials for the interior design and construction industries.
- This permeable brick is composed of more than 90% recycled ceramic. It has a wide variety of potential applications, including for pavements in cities prone to water-logging and as a heat absorbant material.

## 3. ECO RANGE

- ECOrange is an innovative way to combine layers.
- The core is made of recycled plastic bottles (post-consumer plastic 75%)
- Can be used for baffles to absorb or direct sound and light.
- Can easily manipulated to make various accessories.

## 4. OTTAN MATERIAL

- OTTAN collects food waste such as fruit peels, expired grains, vegetable residues, and garden waste such as tree leaves or grass from local retailer companies, producers, municipalities, and greenhouses.
- After they gather all kinds of natural wastes, they prepare the waste by cleaning, drying, and grinding to create natural raw materials and mix them with green resins before injecting them into molds to create minimal yet multi-purpose products.

## 5. BUILD MATERIAL 0.8.

- The material has the strength of concrete, prevents CO<sub>2</sub> emissions (less waste incineration and transport), and is biodegradable. End-of-life can be reprinted.
- The mixture consists of 98% circular and circular biobased raw materials from sewage and drinking water treatment: calcite, cellulose (Recell), and Kamera. Plus a few percent alginates (primarily biobased) and water.

## 6. EGG SHELL CERAMIC

- The material has the look of ceramics but the weight of cardboard, which makes it a versatile material.
- The material can easily be recycled into calcium water, which can be used as a nutrient for lime-loving plants.

## 7. OUR CARBON:

- OurCarbon is a carbon-based material made from organic waste that was diverted from landfill and transformed.
- OC is made in a passive process that fixes the biogenic carbon in this organic material.

## TOXIN-FREE MATERIALS AND HEALTH CONSIDERATIONS

The focus on health and well-being is steering the hospitality industry towards toxin-free materials. Reducing exposure to harmful substances found in common building materials is critical for guest health. Materials like mycelium and toxin-free paints and adhesives are gaining importance for creating healthier indoor environments.

## ALTERNATIVES TO CONCRETE

The shift towards sustainable building practices in the hospitality industry is driving the exploration of eco-friendly alternatives to concrete, renowned for its high carbon impact. These innovative materials not only offer environmental benefits but also align with the industry's commitment to sustainable development.

- **Ferrock:** A revolutionary material, Ferrock is made from waste steel dust and ground silica glass. It stands out as a carbon-negative alternative, absorbing more CO<sub>2</sub> than it emits during its production. Ferrock exhibits remarkable strength and flexibility, surpassing traditional concrete. Its faster setting time on construction sites enhances practicality, especially for projects where time is of the essence. The material's robustness, coupled with its environmental credentials, makes it an ideal choice for sustainable construction.
- **Rammed Earth:** Rammed earth construction, an ancient technique, is gaining modern appeal for its sustainability. It involves compacting dampened subsoil between formworks, creating walls that are not only strong and durable but also have a distinct, layered visual appeal. This method is particularly suitable for creating unique building facades or interior walls, lending a natural and organic aesthetic to structures. Rammed earth is valued for its thermal mass, helping to naturally regulate indoor temperatures.
- **Straw Bales:** Utilized both as insulation and structural support, straw bales are a compelling alternative to conventional building materials. They are exceptionally fire-resistant and provide excellent insulation properties, contributing to energy efficiency in buildings. However, they require careful consideration in humid climates due to their susceptibility to moisture and rot.
- **Timbercrete:** Timbercrete, a blend of waste sawdust and cement, offers a lighter and less carbon-intensive alternative to traditional concrete. The incorporation of sawdust reduces the overall cement content, thereby lowering the material's carbon footprint. Timbercrete is versatile, suitable for a range of applications from walling to paving, and contributes to waste reduction by utilizing sawdust, a byproduct of the timber industry.

- **Hempcrete:** Hempcrete, a bio-composite material made from hemp shives mixed with lime, sand, or pozzolans, presents a sustainable and carbon-negative option. The hemp plant captures atmospheric CO<sub>2</sub> as it grows, offsetting the emissions associated with the production of lime. Hempcrete provides comparable strength to conventional concrete and is renowned for its insulating properties, contributing to energy efficiency in buildings.
- **Greencrete:** The term Greencrete refers to a variety of eco-friendly materials designed to mimic the structural properties of concrete. Typically made from recycled materials like used plastics and polystyrene, Greencrete has been instrumental in rapid construction projects, such as a 40-bed ICU built in South Africa to handle a surge in COVID-19 cases. Easily sourced from landfill sites, Greencrete represents a sustainable solution that repurposes waste into valuable construction material.

Despite the enduring popularity of concrete, especially for substructure construction, the search for sustainable substitutes is gaining momentum. Materials like ferrock, ashcrete, timbercrete, and hempcrete tend to have a lower carbon footprint and help recycle waste materials. While sourcing these materials can sometimes be a challenge, their availability in certain regions is encouraging construction companies to adopt more eco-friendly practices. As production of these materials increases, they are expected to become more accessible, offering greater utility and reinforcing the shift towards sustainable construction in the hospitality industry.

## CONCLUSION

The future of hospitality design is anchored in the harmonious integration of sustainability, technology, and experiential elements. The industry is on the cusp of a significant shift, poised to redefine the creation and consumption of hospitality spaces. More than just achieving environmental benchmarks, this progression is about enriching the guest experience and securing economic sustainability.

Adoption of innovative, eco-friendly practices is key, as they not only lead to operational efficiencies and reduced costs but also resonate with the values of the modern traveller. As we move forward, the interplay of advanced technologies and sustainable materials will not only shape eco-conscious spaces but also enhance the comfort and satisfaction of each guest, solidifying the industry's economic future.

In this evolving landscape, the hospitality sector must balance environmental stewardship with the demands of guest experiences and business outcomes. It's a journey toward spaces that offer more than a place to stay—they offer a place that stays with you, contributing to a sustainable future for all.

■

### Yasmine Mahmoudieh — Founder Principal, Yasmine Mahmoudieh Design

In addition to having her own design / architecture practice, Yasmine is also the founder of myKidsy.com. Yasmine pioneered myKidsy.com, the first marketplace to find and book kids activities.. mykidsy helps time poor parents to engage their children in meaningful and fun activities during their most important part of their life. Mahmoudieh drew on her own experiences as a mother and extensive business knowledge as one of the world's leading architects to create myKidsy.com. myKidsy is the first online marketplace for parents to book kids activities. myKidsy is currently looking for top sales, marketing and operational leaders that have a proven success record from other tech companies and like to join an emerging start up which aim is to combine a successful business with doing something good for society. Yasmine opened her first studio in Los Angeles at the age of 26, after she graduated from UCLA where she studied architecture and design.Her work can be found across Europe, the United States, into the Middle East and Asia, and even in the skies above working for Airbus.

### Yasmine Mahmoudieh — mahmoudieh.com

In addition to having her own design / architecture practice, Yasmine is also the founder of myKidsy.com. Yasmine pioneered myKidsy.com, the first marketplace to find and book kids activities.. mykidsy helps time poor parents to engage their children in meaningful and fun activities during their most important part of their life. Mahmoudieh drew on her own experiences as a mother and extensive business knowledge as one of the world's leading architects to create myKidsy.com. myKidsy is the first online marketplace for parents to book kids activities. myKidsy is currently looking for top sales, marketing and operational leaders that have a proven success record from other tech companies and like to join an emerging start up which aim is to combine a successful business with doing something good for society. Yasmine opened her first studio in Los Angeles at the age of 26, after she graduated from UCLA where she studied architecture and design.Her work can be found across Europe, the United States, into the Middle East and Asia, and even in the skies above working for Airbus. She has designed landmark office buildings and interiors, such as the German headquarters of Aon, and has been at the vanguard of a more individual approach to hotel and leisure sector developments, working on acclaimed buildings and interiors for Radisson, Kempinski and InterContinental as many others.

HY8



# **Embodied Carbon Reductions: Hospitality Industry's Untapped Climate Opportunity**

The Built Environment

**JoAnna Abrams**  
*CEO of MindClick*

## Synopsis

It's become essential for ESG reporting to include quantitative data that shows tangible progress in environmental and social areas. Hotels are uniquely positioned to not only contribute significantly to the reduction of global carbon emissions but also to benefit from more favorable capital conditions, enhanced asset valuations, and an increased market share. MindClick's Founder & CEO JoAnna Abrams firmly believes that embodied carbon reduction is the largest yet unexplored area for carbon reduction in the current market.

The disruptive impacts of climate change are being felt in every corner of the globe, and the hospitality industry is no exception. It's not a hyperbole to suggest that the world's estimated 187,000 hotels (representing roughly 17.5 million guest rooms) are at risk from the growing climate-related instability. Extreme weather events like wildfires, hurricanes, drought, and extended heat waves are affecting tourism and increasing operational costs. Further, climate-related supply chain disruptions are increasing risk across the industry. No location is immune to the effects of the changing climate.

## ESG: UNDERSTANDING RISK AND MANAGING RESILIENCE

As a result, the evaluation of risks associated with climate change are impacting hotel industry investment practices. Financial institutions, investments funds, and other sources of capital funding the design and construction of hotels are incorporating climate-risk into their evaluation criteria, impacting the cost of capital and valuations.

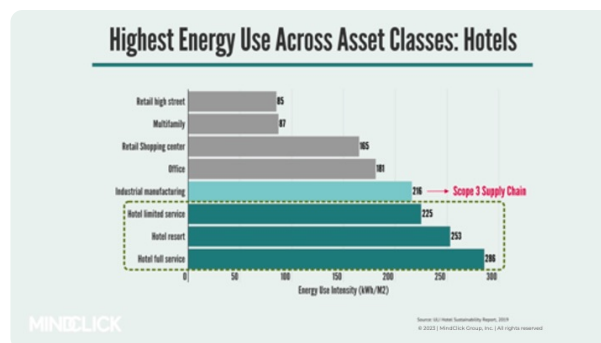
Starting in 2024, new EU rules will also require companies to disclose their impact on the environment, human rights, and social standards, and the US Securities and Exchange Commission is expected to announce new Carbon Related Disclosure Standards for publicly traded companies. Similarly, the state of California (4th largest economy in the world) recently passed the SB253 (The Climate Corporate Data Accountability) and SB261 (The Climate-Related Financial Risk Act) mandating large corporations disclose greenhouse gas emissions and other climate risks extending into their supply chains. With the increase in reporting requirements from the financial markets and from regulation, carbon emission reduction is becoming table stakes.

## POSITIVE CLIMATE ACTION THROUGH EMBODIED CARBON

These new ESG mandates present a unique opportunity for the hospitality industry. Hotels are part of the built environment, which contributes to 40% of global greenhouse gas emissions. A study by Urban Land Institute (ULI) shows hotels have the highest energy use across asset classes, and they rely on manufacturers in their supply chain to provide the products used to build, furnish, and supply their properties. With 80% of an organization's carbon emissions coming from the supply chain, brands, owners and operators can make a powerful and positive impact in global carbon emissions reduction through the power of specification and purchasing decisions tied to building, furnishing, and supplying their hotels.

To date, most carbon reduction efforts in the industry have focused on operations. The less obvious and more challenging decarbonization efforts involve reducing embodied carbon

associated with buildings. Unlike other asset classes, the hospitality industry has a built-in business model requiring interior renovations every five to seven years.



Source: ULI Hotel Sustainability Report, 2019

Add to that a typical ownership cycle of 7 years and the commonly associated renovation that comes from new ownership. Combined with new construction, this makes a for a high volume of interior furnishings, fixtures and equipment going in and out of hotels throughout the industry on an annual basis. While recognition of the waste impact is high, the impact of carbon emissions was unknown until a study from the Carbon Leadership Forum and LMN Architects was published showing how after 5-7 interiors renovations, the embodied carbon of the interiors equals, if not exceeds, the architecture and structure's embodied carbon.

## Data-driven Product Intelligence & Project Integration: A Solution to Understanding Impact

At MindClick, a product intelligence company, we have developed a proven, data-driven, breakthrough solution that measures and tracks product-level, carbon emissions reductions in manufacturing connected to the purchasing decisions on hotel brand standards and design and construction projects. First, we bring together all stakeholders at every level of the value chain and empower them with data about the environmental and social impacts associated with the products being considered for projects. Ultimately, this enables teams to make informed design and purchasing decisions that align with sustainability and ESG goals.

For our clients – investors, operators, and brands – we track the environmental and social impact of project decisions through each phase, and provide them with quantified, impact reports summarizing achievements across 4 KPIs: carbon reduction, waste reduction/circularity, healthy interiors, and social responsibility – DEI and Fair Labor & Human Rights. The aggregated results are then included in ESG reporting, and brand and property marketing to consumers, corporate travel buyers and hotel guests.

## Power of Impact-Based Design & Purchasing

MindClick analyzed the embodied carbon reductions achieved across five of our clients' renovation projects -- Hyatt Regency, Kimpton, Residence Inn, Renaissance and Independents. The impact was significant and compelling. The products purchased for these projects from 11 manufacturers and their 18 factories achieved carbon emissions reductions in manufacturing equal to:

- 5 million occupied hotel room nights or
- 9 million gallons of gas or
- 89 million miles driven.

Our clients were able to create beautiful and sustainable interiors with zero to negligible cost increase (less than 1%), and by sourcing products from vendors who reduced their factory carbon emissions, our clients' capex dollars directly contributed to reducing the drivers of the industry's greatest challenge - climate change.

**ESG & Telling The Sustainability Stories: A Market Opportunity & ROI**

Hotel performance is being measured in a new way, and ESG reports evaluated by the financial market are directly affecting access to capital, risk and resilience strategy and asset valuation. An investor survey conducted by Cushman & Wakefield in 2022 confirmed a 4.5% - 7.3% value premium for assets with the highest ESG credentials.

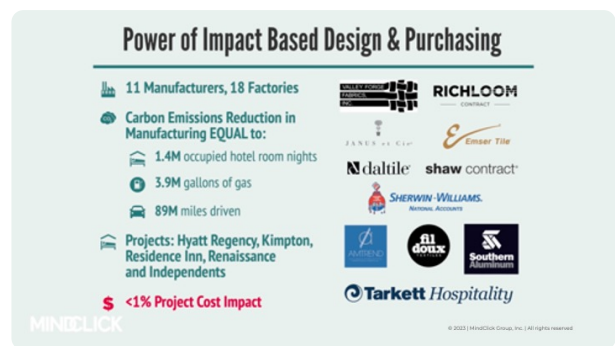
A value-add to our approach is helping our clients translate complex sustainability data associated with their supply chain decisions. We turn what we call Product Intelligence into powerful and relatable narratives that connect sustainability initiatives with the values driving buying decisions among an increasingly climate-conscious consumer market. According to the 2022 Expedia Group Sustainable Travel Study, 90% of customers now look for sustainable options when traveling.

The impacts of good sustainable storytelling help build brand loyalty as well. A guest satisfaction survey conducted by MindClick for a Courtyard Marriott renovation found a 150% increase in guest satisfaction and loyalty among those who were made aware of interior furnishings that support healthy environments.\* For the business travel industry, which represents a large revenue source for hotels, an evaluation of sustainability metrics is now a key consideration in their buying decisions. In 2023, the Global Business Travel Association (GBTA) published a study on "The State of Climate Action in Business Travel", and the results are telling:

- 65% of corporate travel buyers said that carbon emissions reduction was a top priority.
- 75% said companies are teaching employees to make sustainable travel choices.
- More than 60% said that they either already select or plan to select hotels based on their sustainability criteria and are adding sustainability clauses into contract.

**BOTTOM LINE**

Quantitative data demonstrating real environmental and social progress is now an imperative for ESG reporting. There is a tremendous opportunity for hotels to not only make a significant reduction in global carbon emissions, but to access more favorable capital, realize increased asset valuations, and gain market share. I'm more convinced than ever that embodied carbon represents the biggest "untapped" source of carbon reductions in the market today. The brands, owners and operators who take on the challenging task of reducing carbon emissions in their supply chains—and tell a compelling story about it—will be the winners.



\* Based on results of digital marketing campaign and guest satisfaction study conducted for Marriott International. Quotes pulled from MindClick's research participants.

**JoAnna Abrams — CEO of MindClick**

JoAnna is Founder and CEO of MindClick, a supply chain data and analytics company dedicated to supporting ESG and advancing positive environmental and social impact in the global hospitality industry. She is a frequent speaker on the topics of ESG, sustainability and supply chain, and the power of ratings to accelerate change. She has been named a hospitality industry innovator by Lodging Magazine, recognized by Wharton's Initiative for Global Environmental Leadership, and contributed to Cornell's Hospitality Research Summit. Recognized by the UNWTO as a leading voice in sustainable tourism, JoAnna is a member of the Sustainable Hospitality Alliance's Advisory Council. Combining over 10 years of sustainability expertise in supply chain, with 20 years in brand management, technology, data analytics, and finance, JoAnna pioneered the approach to greening the supply chain with Marriott International. She holds an M.B.A. from Harvard Business School and a B.S. in finance from the University of Illinois.

**MindClick, Inc. — mindclickesg.com**

MindClick—a product intelligence company, is the real estate industry's data and analytics solution for environmentally and socially responsible design and purchasing. Through cloud-based decision tools and impact reporting, MindClick empowers design and construction teams to create beautiful interiors that support the health of people and the planet – including net zero carbon emissions, healthy interiors, waste reduction, circularity, and DEI. Recognized by Metropolis as an 'Eco-Translator', named by Environment+Energy as a 2021 Top 100 Leader, and a contributor to the Hotel of Tomorrow initiative with The Getty's Group, MindClick is the trusted supply chain ESG partner for global brands, management companies, and asset owners. With environmental and social impact ratings for over 150,000 FF&E and Architectural Building Products supplied by hundreds of vendors, MindClick delivers powerful guidance to support ESG leadership through brand standards, design specifications, and purchasing across hundreds of new construction and renovation projects.

HY8



# Unlocking Sustainability: room2 Homestay's Whole Life Carbon Commitment

The Built Environment

**Angeliki Krania**

*Sustainability Manager, Lamington Group*

## Synopsis

As the hotel industry confronts the critical climate crisis, sustainability has shifted from a mere buzzword to an indispensable element in business operations. At the forefront of this shift is UK-based room2 Homotel, embodying a deep commitment to whole-life carbon responsibility. This commitment goes beyond routine operations, extending to every aspect of Room2 property lifecycles and embedding itself in its foundational ethos. Room2's strategy is rooted in comprehensive ESG principles, drawing inspiration from the One Planet Living framework and aligning with the United Nations Sustainable Development Goals.

In a world grappling with the pressing climate crisis, sustainability has transcended buzzwords to become an absolute necessity within the hotel industry. room2 Homotel's commitment to whole-life carbon responsibility embodies this urgency, steering us towards a future that is both eco-friendly and financially robust.

Within today's hotel industry landscape, carbon responsibility isn't just advisable; it's a fundamental imperative. This responsibility extends beyond our daily operations to encompass the entirety of our properties' life cycle.

At the core of room2 Homotel's approach lies a holistic strategy that encompasses all aspects of ESG (Environmental, Social, and Governance) principles. This comprehensive approach revolves around the principles of One Planet Living, a framework aligned with the UN SDGs (United Nations Sustainable Development Goals). We have integrated these principles into our operations, guiding us towards sustainable choices in environmental preservation, social responsibility, and transparent governance.

Our commitment to sustainability doesn't stop at the building's foundation. We have prioritised waste reduction, comprehensive recycling initiatives, and responsible sourcing for our food and beverage offerings. All of these factors contribute to creating a responsible and eco-conscious experience for our guests.

Modern consumers are increasingly making environmentally conscious choices. As such, our unwavering commitment to carbon responsibility is not only ethically sound but also exceptionally advantageous in terms of increased occupancy rates and revenue.

Beyond ethical considerations, adopting a carbon-responsible approach is undeniably profitable. It not only streamlines operational costs but also significantly enhances brand value, contributing to long-term financial stability.

room2 Homotel is driven by three steadfast net-zero commitments:

1. **46% Reduction in Scope 1 and 2 Emissions:** Annually, we dedicate ourselves to a rigorous process of strategising on reducing our Scope 1 and 2. Scope 1 are the emissions you produce directly, like from your car's tailpipe or gas boiler. Scope 2 are the emissions from the energy you use, like electricity. This involves meticulous calculation, active reduction measures, like switching gas boilers to heat pumps running on 100% renewable electricity, and then offsetting of emissions that are unavoidable.
2. **Tracking and Minimising Scope 3 Emissions:** We are acutely aware of the importance of addressing emissions that extend beyond our direct operations. As such, we consistently track and strive to minimise Scope 3 emissions.
3. **Development and Operation of Whole Life Net Zero Hotels:** Our ultimate aspiration is to design and operate hotels that are net-zero throughout their entire life cycle, embodied carbon and operational carbon. This means that every facet of our properties will be designed with net zero carbon in mind.

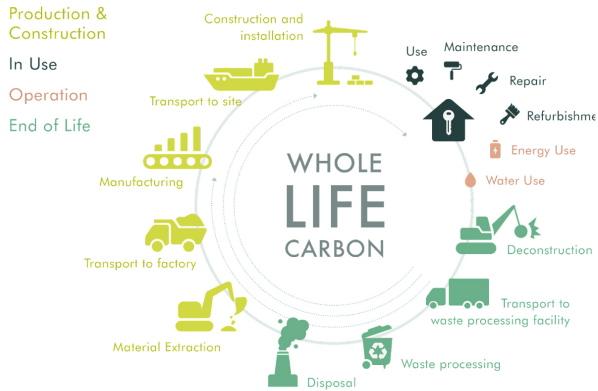
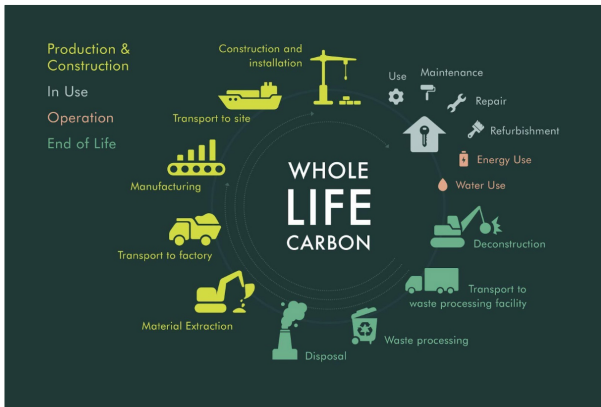
### NET ZERO EMBODIED CARBON:

room2 Homotel is dedicated to addressing all carbon emissions associated with our properties, from the raw materials' extraction to construction, transportation, refurbishment, deconstruction, and disposal at end-of-life. Our objective is to ensure that these emissions are measured during the design, reduced and rebalanced to zero. This is achieved through a combination of highly efficient design, applying circularity principles, offsetting and the net export of on-site renewable energy. By adopting this approach, we not only minimise our carbon footprint but also actively contribute to carbon neutrality in the entire life cycle of our hotels.

### NET ZERO OPERATIONAL CARBON:

Our commitment extends beyond reducing embodied carbon emissions; we are equally dedicated to addressing operational carbon emissions associated with our buildings on an annual basis. To achieve this, we employ strategies such as highly efficient building fabric, cutting edge equipment and technologies, demand reduction, advanced monitoring, behavioral change, on-site and off-site renewable energy sources, and the offsetting of any unavoidable emissions. By meticulously managing operational carbon, we ensure that the environmental impact of our properties is minimised throughout their operational life.

room2 Homotel's resolute journey towards carbon responsibility mirrors the evolving landscape of the hotel industry. Our commitment is not just a moral imperative but a strategic one, as it aligns environmental stewardship with financial viability. As we progress forward, our whole-life carbon commitment, complemented by these three unwavering net-zero commitments, promises a future that is not only more sustainable but also more financially prosperous.



**Angeliki Krania** — Sustainability Manager, Lamington Group

Angeliki is the Sustainability Manager at Lamington Group, leading the sustainability department and is responsible for transformative initiatives to embed sustainability into the group's real estate portfolio and operations. Angeliki is a Chartered Engineer with CIBSE, a certified WELL AP, part of the UKGBC Future Leaders 2023 cohort. She has a background in Environmental Design and Engineering (MSc) and Computer Engineering (BSc, MEng). Previously, she worked as a Sustainability Analyst at the multi-disciplinary consultancy Cundall, contributing to a diverse portfolio of sustainability projects spanning various asset classes and continents. Her expertise encompasses both design-level innovations and strategic portfolio management.

**Lamington Group** — [lamingtongroup.com](http://lamingtongroup.com)

room2 currently has three operational locations, in Southampton, Hammersmith and room2 Chiswick and room2 Belfast opening in October 2023. room2 Chiswick opened in December 2021 marking the world's first fully whole life net zero hotel. room2 has a further pipeline of live projects across the UK with a Gross Development Value of over £100 million, featuring a mix of wholly owned assets and those pre-leased to room2 by development partners. room2 has signed the Glasgow Declaration on Climate Action in Tourism and is committed to accelerating climate action to cut global tourism emissions.



HY8



# Defining the New Net Zero Normal

The Built Environment

**Inge Huijbrechts**

*Global Senior VP Sustainability, Security and Corporate Communications for  
Radisson Hotel Group*

### Synopsis

Radisson's Global SVP Sustainability Inge Huijbrechts underscores the critical need for sustainability in the hospitality sector, citing Radisson Hotel Group's commitment to achieving Net Zero by 2050 in response to rising global temperatures. Radisson's approach encompasses green hotel buildings, green energy, and green operations across its global network. The group showcases successful examples of eco-friendly practices, like the construction of green-certified hotels and the adoption of renewable energy sources. Key initiatives include the use of solar panels and thermodynamic solar systems in select hotels. The article also highlights Radisson's efforts in promoting sustainable operations and responsible travel, emphasizing the importance of industry-wide collaboration and innovation to build a sustainable future in hospitality.

The world is closing the year with sad records: Scientists forecast 2023 will be the hottest year ever and report that the world stands already at about 1.2 degrees warming.

For a leading global hotel operator like Radisson Hotel Group, operating across 1,200 hotels in 95 countries, it is crystal clear that we need to move to Net Zero by 2050. We have committed to this goal based on approved science-based targets and are working on 3 levers in our Net Zero transformation: green hotel buildings, green energy and green operations.

Green Hotels means introducing a focus on eco-friendly building practices, including green building-certified hotels. To cooperate with the owners of the hotel assets on the journey to Net Zero, RHG has defined building design guidelines that allow owners to reach the level of the main building ecolabels (LEED, BREEAM and EDGE). Currently we count about 50 green certified flagship hotel buildings globally.

This includes leading examples such as:

- Radisson RED Hotel V&A Waterfront (South Africa) which was the first hotel awarded 5 Star Green Build in the national scheme.
- Radisson Blu Atlantic Hotel, Stavanger (Norway) is BREEAM Very Good certified, where the refurbishment project has resulted in 35% emissions reduction
- Radisson Collection Gran Vía Bilbao (Spain) which used to be a historic bank building has obtained the LEED Platinum certification
- Radisson Hotel Suzhou which earned an EDGE certification based on 22% energy savings, 27% water savings and 28% less embodied energy in materials compared to a national building benchmark.

Green energy is the transition to renewable electricity – installed on site, developed offsite or purchased. We are already running on 100% renewable energy in 70 hotels and have worked on bringing breakthrough solutions to some of our hotels. These include:

- The Radisson Resort Beitostolen in Norway, which has proven with their recent addition of solar PV panels on the conference center façade that solar energy also makes sense at high latitudes. In winter the snow is even reflecting more light to the panels.
- The Park Inn Cape Town Foreshore (South Africa) installed the CBD's first large scale commercial hybrid Photovoltaic & Thermal (PVT) project with a yield of 30% of required energy for hot water
- Radisson Blu Iveria Hotel, Tbilisi City Centre (Georgia) is generating an astonishing 328 MWh of electricity per year from their brand-new solar PV system
- Radisson Blu hotel Dubai Deira Creek (UAE) Innovative, award winning, installation of a thermodynamic solar system uses solar panel blocks and a heat pump for hot water production
- In India, the Radisson Blu Hotel in Bengaluru serves as a remarkable example and operates entirely (100%) on renewable electricity and is entirely self-sufficient in its electricity production.

Green operations means integrating Net Zero habits in our daily operations. Currently we are running the "Move to Zero" employee engagement campaign where leaders and team members take concrete actions to reduce their carbon footprints.

At the same time, the hotel industry has a tremendous opportunity to drive responsible travel. RHG makes it easy for guests to travel and meet responsibly by offering sustainable value propositions such as 100% carbon neutral meetings, sustainable stays verified by Hotel Sustainability Basics or Ecolabels, and making green travel seamless with 900+ EV chargers in Europe, India and other countries.

We will all need to get used to the New Net Zero Normal – which at first means that we always make Net Zero choices first. To preserve our fantastic industry, tourism and travel companies need to act collectively now and in particular on the following three points:

- Deploy all known solutions and best practices – in hotel buildings and operations
- Collaborate with key stakeholders, such as real estate owners, agree on the goals and measurement frameworks. We should all be using the Pathway to Net Positive Hospitality (<https://sustainablehospitalityalliance.org/our-work/pathway/>) and derive the hotel asset's decarbonization pathway by using the EU supported CRREM methodology (<https://www.crrem.org/>)
- Develop and fund innovative solutions in the industry – together with a coalition of the willing. In this respect, tangible and workable breakthrough solutions were highlighted in the 'Better Travel and Tourism, Better World' report (<https://www.systemiq.earth/better-travel-tourism/>)

We can build a sustainable future for our planet, where people travel sustainably, if we stand together and act fast in order to stay, as King Charles III said at the COP28 summit, “**stay out of dangerously uncharted territory**”.



**Inge Huijbrechts** — Global Senior VP Sustainability, Security and Corporate Communications for Radisson Hotel Group  
Inge Huijbrechts is Global Senior Vice President Sustainability, Security and Corporate Communications for Radisson Hotel Group – developing the Responsible Business program in the group’s 1,500 hotels in operations and development in 115 countries around the world. Together with her team, she lays out the strategy for Responsible Business from build to operations and keeps the over 100,000 employees around the world engaged in everyday Responsible Business actions. Two of these programs have won awards: Park Inn by Radisson has won the 2017 UNWTO Award for Innovation; Radisson Blu has won the 2017 IMEX Innovation in Sustainability Award. Inge is the Executive Committee chair of the Sustainable Hospitality Alliance and of the OSAC Hotel and Lodging Sector Committee, and is a member of the ASIS CSO Center for Leadership and Development. Inge has a sustainability blog RE:Think on <http://www.hotelsmag.com/Industry/Blogs>.

**Radisson Hotel Group (RHG)** — [radissonhotels.com/corporate](http://radissonhotels.com/corporate)

The Radisson family of brands can be found around the world in more than 120 countries, with currently over 1,700 hotels in operation and under development. Radisson Hotel Group operates the business in EMEA and APAC with over 1,100 hotels in operation and under development. The international hotel group is rapidly growing with a plan to significantly grow the portfolio. The Group’s overarching brand promise is Every Moment Matters with a signature Yes I Can! service ethos. The Radisson family of brands portfolio includes Radisson Collection, Radisson Blu, Radisson, Radisson RED, Radisson Individuals, Park Plaza, Park Inn by Radisson, Country Inn & Suites by Radisson, and prizeotel brought together under one commercial umbrella brand Radisson Hotels.

HY8



# **Sustainability Standards & Assurance in Travel & Tourism The GSTC Criteria**

Validating Sustainability

**Randy Durband**

*CEO at Global Sustainable Tourism Council (GSTC)*

## Synopsis

The Global Sustainable Tourism Council® (GSTC), formed by UNEP, UNWTO, conservation groups, and key travel and tourism businesses, sets global standards for sustainable travel and tourism, known as the GSTC Criteria. This initiative is a crucial part of sustainable tourism and hospitality, providing guidelines for applying these criteria and GSTC-Recognized Standards in both private and public sectors. The GSTC emphasizes the importance of 'assurance' and 'verification' over loosely used terms like 'certification' in the hospitality sector, advocating for a clear distinction between these terms to avoid confusion and greenwashing. GSTC's CEO Randy Durband provides some crucial insights.

Created by the UN agencies UNEP and UNWTO in conjunction with conservation groups plus leading travel and tourism businesses, the Global Sustainable Tourism Council®(GSTC) establishes and manages **global standards for sustainable travel and tourism**, known as the **GSTC Criteria**. That is GSTC's foremost mission within the general ecosystem of sustainable tourism and hospitality. Secondly, GSTC provides guidance on how to apply the GSTC Criteria and "GSTC-Recognized Standards" – standards owned by others that formally conform to the GSTC Criteria – to the private and public sectors. Standards are applied in a variety of ways: for training and awareness of the breadth of sustainability, for external verification or "assurance" systems, for guidance and codes of conduct, for self-assessments on the current level of an organization's holistic approach to sustainability.

The **GSTC Industry Criteria** have been built out to support strong technical guidance for good certification. This is driven by a well-developed and defined assurance program that conforms to international norms for auditing and certification, to a degree greater than most if not all players in this space.

## STANDARDS & ASSURANCE - WHAT DO WE MEAN BY "ASSURANCE"?

The usual word associated with standards in sustainable tourism is certification, but we believe that the term certification is used too loosely in the hospitality sector. "Assurance" and "Verification" are the more generic terms and "Certification" is a term best reserved for a certain type of assurance or verification system; i.e., for schemes with well qualified auditors, schemes that maintain impartiality by treating certification as a judgment made by persons other than those that coached a business to improvement. Consultants prepare businesses to seek certification, whereas auditors analyze practices with an objective detachment. Combining the two creates a conflict of interest, disqualifying the result from being considered true certification.

Reserving the term certification for how it is applied in other sectors and describing other levels of assurance/verification based on their degree of scrutiny serves to reduce the confusion of the current clutter of the endlessly-growing plethora of green or sustainable labels in hospitality.

## WHO CARES ABOUT THESE TECHNICAL ISSUES AND TERMS?

Government regulators and those who do not wish to run afoul of regulations of today and tomorrow. Risk managers, brands'

attorneys, investigative journalists, guests motivated to use truly sustainable products and services, and all those offended by greenwashing. The latter groups are growing, as attested by 53% of the respondents from Booking.com's 2022 survey of travelers from 32 countries who expressed annoyance with service providers that are not green enough.

Another term used all too loosely, and mostly incorrectly, in the hospitality community is "accreditation." It may not seem detrimental to use these terms incorrectly in a colloquial sense, but given the current regulatory pressure to base green or sustainable claims on products and services, the hospitality community is compelled to take note of the correct legalistic terminology.

The EU Green Claims Directive and other aspects of the broader framework of the EU CSDDD — Corporate Sustainability Due Diligence Directive — plus increasing amounts of national requirements on sustainability claims and treatment elsewhere make it imperative for the hospitality ownership and management community to take stock of the regulatory pressures. That requires understanding the terminology.

When the EU and its peers speak of "accreditation", they do not use it as a synonym for "certification" but rather its legalistic meaning. Certification is a mark on a product or service; whereas accreditation is a mark on certification bodies. (*read more here on definitions of these terms*)

In 2016 GSTC issued its Accreditation Manual for the certification of hotels/ accommodations, tour operators, and destinations, and published revised version 3.0 in 2023 (read more here for the latest version). This conforms to international norms for proper auditing, certification, and accreditation. Like the Criteria, it is available for download free of charge to all. GSTC provides accreditation of Certification Bodies according to international norms and to EU requirements as understood today. Readers will be hard-pressed to find others that do both of those.

This scheme was developed in line with such schemes in many other sectors, as a pathway for hospitality to join other sectors where it has previously neglected to tread.

## THE BENEFIT OF AN ASSURANCE SCHEME

Businesses wishing to make legitimate claims of the sustainability of their products or services, and especially businesses whose "products" are collections of enormous numbers of contracted supplier-operated services, are all well served with a credible system of assurance.

Such a system serves as a credible basis to describe their product lines in terms of sustainability.

Businesses are eager to supplement such claims with objective data on key elements of sustainability, but that data is not easily gained and qualified. Even where reliable data does paint a positive picture of one or more elements of a hotel — or a group of hotels — are sustainable, the idea of speaking about a holistic approach to sustainability is simply not viable without a certification mark to the GSTC Criteria or a GSTC Recognized standard.

Short of credible systems, it is challenging to know how “sustainable” your overall operations are, and increasingly dangerous to make sustainability claims in the marketplace.

Hospitality management and ownership will do well to take a deeper look into verification systems, true certification, learn about accreditation, and learn about current and pending and planned regulations. That learning will necessarily draw them to what GSTC has uniquely created with a credible accreditation scheme.



**Randy Durband** — CEO at Global Sustainable Tourism Council (GSTC)

Randy Durband is CEO of the Global Sustainable Tourism Council (GSTC), the UN-created NGO that manages global standards for sustainable tourism. He brings a unique blend of experience from two career paths in tourism spanning 40 years – in senior leadership positions with major U.S. outbound tour operators, including as President of Travcoa, Clipper Cruise Lines, Executive VP of Tauck – and now a second career in sustainable tourism. He is a frequent advisor and speaker to governments and businesses on sustainable tourism policies and implementation. He has served on many tourism boards and committees and as a judge for leading sustainable tourism awards.

**Global Sustainable Tourism Council (GSTC)** — [gstccouncil.org/en](http://gstccouncil.org/en)

The Global Sustainable Tourism Council® (GSTC) establishes and manages global standards for sustainable travel and tourism, known as the GSTC Criteria. There are two sets: Destination Criteria for public policy-makers and destination managers, and Industry Criteria for hotels and tour operators. They are the result of a worldwide effort to develop a common language about sustainability in tourism. They are arranged in four pillars: (A) Sustainable management; (B) Socioeconomic impacts; (C) Cultural impacts; and (D) Environmental impacts. Since tourism destinations each have their own culture, environment, customs, and laws, the Criteria are designed to be adapted to local conditions and supplemented by additional criteria for the specific location and activity.

HY8



**Trends and  
Innovative  
Practices by 2023  
HICAP Sustainable  
Hotel Award  
Winners**

Validating Sustainability

**Eric Ricaurte**

*Founder at Greenview*

**Chelsea Wong**

*Consultant at Horwath HTL*

### Synopsis

GreenView's Eric Ricaurte and Chelsea Wong, Consultant at Horwath HTL report on trends, innovations, and best practices from this year's HICAP Sustainable Hotel Award winners. The annual HICAP Sustainable Hotel Awards are designed to recognize hotels in the Asia Pacific region creating innovative new methods, strategies, and technologies to face today's sustainable development challenge while providing tangible examples of sustainable best practices that can be replicated and adapted across the region.

The annual HICAP Sustainable Hotel Awards started in 2007 to recognize hotels in the Asia Pacific region creating innovative new methods, strategies, and technologies to face rising sustainable development challenges. More importantly, the award winners serve as tangible examples of sustainable best practices that can be replicated and adapted across the region. This year, there were 4 categories covering key areas of hotel investment, development, and operations, namely Building Renovation, Preservation, Adaptive Reuse and Conversion; Climate and Biodiversity Action; Positive Community Impact and Sustainable Design.

#### **“Building Renovation, Preservation, Adaptive Reuse and Conversion” Award Winner - The Tamara Kodai, India**

The Tamara Kodai is a 53-room resort located in Kodaikanal in the Nadu state in South-East India, more than 2,000 meters above sea level. The resort preservation transformed a heritage building complex built in 1840 into a luxury retreat. The renovation takes reference to the past, from celebrating the original tribes who lived atop the Palani hills and recognizing the more recent past as a British post and Jesuit priest repose. The resort serves as an example of a sustainable reuse which shows how to align luxury, modern hospitality trends and responsible tourism.

The heritage building complex has been restored with care to maintain its historical importance, implementing the use of techniques and materials used in the original construction, new extensions are built with original materials, upcycled railway sleepers are used in the cottage porches. The original roof structures have been restored and are exposed throughout the resort. Besides the buildings, the resort also preserved the existing trees on the site and introduced a variety of indigenous wild and fruit trees through strategic planting efforts.

Many active sustainable strategies are in place like rainwater harvesting, gray water recycling, wet waste composting, advanced STP and ETP facilities use, cutting edge heat exchanger technology and employment of solar panels.

The resort has a strong commitment to social sustainability, founding charities which support the local communities affected by conflict and climate related crisis. About 40% of the products used in the resort are produced locally for the creation of many local dishes. Additionally, art and pottery classes for guests are organized with local artists in Kodai. Overall, the resort also employs up to 50% of their associates from the local community. The resort demonstrated a blend of sustainable hospitality, historical significance and contemporary luxury, appealing to responsible travellers

seeking unique and culturally rich experiences.



*The heritage building complex of the Tamara Kodai*

#### **“Climate & Biodiversity Action” Award Winner - Soneva Fushi, Maldives**

Situated on the Baa Atoll UNESCO Biosphere Reserve, the Soneva Fushi 72-villa resort is Soneva's flagship. Already establishing carbon neutrality in 2012 for both its direct and indirect resort operation to cover its full scope 1, 2, and 3 emissions – including guest flights to the resort which comprise 70% of its total footprint – and having installed 2.5MWp of solar PV, Soneva is adding 1.9MWp of solar PV and 2.5MW capacity of battery storage, attaining 50% of its electricity from renewable sources.

Funded by an opt-out environmental levy on guestrooms, Soneva Fushi offsets its carbon footprint via contribution to Gold Standard carbon projects that have mitigated over 800,000 tons of CO2 and benefitted 350,000 people globally. These initiatives focus on biodiversity conservation such as providing stoves to communities in Myanmar to use for cooking to reduce deforestation from gathering wood, as well as tree-planting and reforestation. The Myanmar Stoves Campaign also brought excess credits to the resort which it could sell to other companies to offset their emissions. In return, the Soneva Foundation has generated US\$ 2 million that has been reinvested into other projects. With this, the resort remains carbon neutral and expands its regenerative climate and biodiversity impact.

The past 2 years, recognizing the importance of coral reefs to ecosystems and the resort experience, Soneva Fushi embarked on a coral projection and restoration initiative, setting up a coral nursery of 50,000 coral fragments placed equivalent of one hectare of land using Mineral Accretion Technology, as well as establishing AquaTerra marine and terrestrial biodiversity science centre designed to replicate the natural environment on the reef to enable coral spawning, rescuing over 29,000 coral colonies to-date from dredging near Malé, and installing 28 micro-fragmenting tanks with a renowned coral specialist.

In addition, the resort also implements sustainable initiatives in water and waste management. Starting in 2008, it banned imported water and started to bottle its own in glass bottles. It not only saved 2 million plastic bottles but also inspired other hotel companies to follow suit. The resort also funds the



Soneva Foundation to provide safe water to 750,000 people around the world. To facilitate waste management in the region, the resort works with 22 local island communities through the NGO Soneva Namoonu to provide a blueprint for all Maldivian islands on effective waste management. It also demonstrated the power of recycling via the Waste-to-Wealth programme which has generated US\$ 2.5 million in value with 90% of waste recycled.



*Coral restoration initiative of Soneva Fushi*

#### **“Positive Community Impact” Award Winner - Cempedak Island, Indonesia**

Located on an island off the coast of Indonesia in the Riau Archipelago, the 20-villa Cempedak Island, previous winner for the HICAP Sustainable Design Awards 2017, aims to have a positive impact for all stakeholders by minimizing any negative impact and having a long-term positive impact in the local community.

Through the lack of waste management solutions, plastic pollution has historically been a threat to the community, endangering the local biodiversity that they rely on for livelihoods, nutrition and wellness.

During the COVID pandemic, Cempedak partnered with Seven Clean Seas to establish a non-profit to remove plastic waste, create waste management projects and provide fair formalised jobs for the local community. This enabled staff at the resort to supplement their incomes by cleaning the beaches daily for plastic.

Since the resort re-opened, the staff returned to their work, while the programme expanded to hire 79 community members and form clean-up crews, with a goal of increasing this to 200. In addition, with a goal that 100% of what is collected from the marine environment can achieve true circularity and re-enter the circular economy, Seven Clean Seas established the Material Recovery Facility. This research and development facility turns non-recyclable materials into composite materials.

So far, 780 tonnes of waste have been removed from the oceans around Cempedak. Since 2020, the project has extended to Batam in Indonesia and Bangkok in Thailand, providing the resources and knowledge needed to be successful in sustaining themselves. Seven Clean Seas now also helps companies measure the plastic they use, conceptualise solutions to minimise their own plastic use and offset remaining plastic by investing in plastic credits which

fund the collection and recycling of ocean plastics.

In addition to marine protection, the resort has also helped local businesses grow by supporting local suppliers from Bintan, Batam and other parts of Indonesia, for a range of products including locally sourced food, stationery items, building materials, staff uniforms and glassware.

Besides Seven Clean Seas, the owners have established and funded two other local foundations. One of them is working on helping to protect a Marine Protected Area of approx. 138,500ha. The other focuses on establishing a network of learning centres so that the local children can be taught a curriculum that helps them to embrace their 4Cs (Confidence, Creativity, Collaboration, Critical Thinking).



*Community effort in plastic waste removal*

#### **“Sustainable Design” Award Winner - Six Senses Vana, India**

The Six Senses Vana is a resort with 86 keys located in Dehradun, North India. One of the first hospitality business in India to receive LEED Platinum Certification in 2015 by scoring 82 points and meeting various criteria on sustainable procurement, energy and water conservation, transportation, building materials, and more. The resort and the team minimize their impact on the site and the nature surrounding them, the design takes inspiration from nature and being in harmony with it.

The simple contemporary architecture and clear aesthetic are designed to include sustainable materials, neutral palette, large openings to allow natural light in the buildings, and to evoke a sense of comfort and wellbeing.

FSC Certified timber and low VOC paint have been specified as well as windows which meet LEED fenestration guidelines. The resort ensures environmentally friendly emissions by installing wet scrubbers on their boilers and diesel generators. All the resort textiles like uniforms, bed and bath linens for guests are made of organic cotton produced in the South of India.

Several energy and water conservation best practices have been implemented like motion-detection systems, “in Com Control”, BMS system, 100% LED lighting, solar panels, heat pumps and energy efficient equipment.

No water gets wasted: rainwater is collected, treated, and used to irrigate the resort grounds, a bottling plant eliminates the use of plastic bottles and low flow faucets reduce the use of

fresh water, while a high-efficiency sewage treatment plant recycles gray water.

Native species are found in the landscape which grow faster and better suited to the local climate and require less water for irrigation than exotic varieties. Fallen leaves and green clearing are used for mulch to rebuild healthy soil and planting beds.

Clearly looking at all this we see how for this property sustainability is not a checklist but a way of life. And all these sustainable initiatives are not only helping the environment, the sense of harmony and wellbeing create a perfect retreat where guests can rest, reflect and connect with their inner self.



*Sustainable public space design at Six Senses Vana*

All award winners are doing exceptionally well in their respective categories. More importantly, we can see they are not just showcasing sustainable hospitality in a particular aspect but adopt an inspiring and holistic approach.

As HICAP recognizes hotels for their sustainable efforts, it also documents the changes in depth and scope in sustainable tourism over the years with the advancement in technology and rising awareness. Looking from a broader perspective, sustainability is much more than what you do and how you do it, it is more about awareness and mentality. Therefore, the positive impacts of these wonderful winners are beyond the walls of their properties and can't be quantified simply by carbon reduction. Hotels welcome guests from all over the globe every day. Thus, these conservation concepts the winners are demonstrating and promoting would be small seeds planted in the hearts of these global travellers, leading them to a more sustainable and responsible lifestyle when they return home. The success of the award winners shows sustainable hospitality is not simply a checklist, but a change in the way of doing business and how we can and should interact with the environment and community. In this regard, the benefits and impacts are beyond measure.

#### CONTRIBUTING AUTHORS:

- Chelsea Wong, Consultant, Horwath HTL
- HICAP Sustainable Hotel Award Judges:
  - Chiara Calufetti, Associate Vice President, WATG
  - Eric Ricaurte, Founder & CEO, Greenview
  - Claire Whitely, Head of Environment, Sustainable Hospitality Alliance

#### **Eric Ricaurte** — Founder at Greenview

Eric Ricaurte is the founder of Greenview, an international consultancy helping travel and tourism catalyze innovation and best practice through strategy, programs, data management, and reporting. With 20 years of hands-on experience, Eric is a frequent speaker, convener, and researcher on the topic of sustainability, having launched several collaborative industry initiatives. Eric earned a B.S. from Cornell University and a M.S. in Tourism & Travel Management from New York University. He is a member of the International Standards Working Group of the GSTC. He has held a research fellowship at the Cornell University and has been an adjunct instructor at the New York University.

#### **Chelsea Wong** — Consultant at Horwath HTL

Chelsea Wong graduated from the Chinese University of Hong Kong, holding a bachelor's degree with first class honor in Hotel and Tourism Management. After graduation, Chelsea joined Swire Hotels as their management trainee. After a two-year rotation around various departments and properties within China and Hong Kong including the Upper House in Hong Kong and the Opposite House in Beijing, she specialized in the food and beverage department. Chelsea worked as the Operations Manager for the Opposite House before joining Horwath HTL in 2014. Since she joined Horwath HTL, she worked at the Beijing office specializing in hotel and resort feasibility study and market research projects, tourism development master planning as well as hotel and restaurant performance reviews, both locally and internationally. In 2016, she moved to Sabah, Malaysia, and joined the Singapore office. Since then, she has been involved in tourism and hotel development projects, hotel repositioning, hotel valuation, hotel operator selection and management contract negotiations across Southeast Asia Markets including Malaysia, Thailand, Indonesia and the Philippines.

#### **Horwath HTL** — [horwathhtl.com](http://horwathhtl.com)

At Horwath HTL, our focus is one hundred percent on hotel, tourism and leisure consulting. Our services cover every aspect of hotel real estate, tourism and leisure development. Our clients choose us because we have earned a reputation for impartial advice that will often mean the difference between failure and success. Each project we help is different, so we need all of the experience we have gained over our 100-year history. We are a global brand with 52 offices in 38 countries, who have successfully carried out over 40,000 assignments for private and public clients. We are part of the Crowe Global network, a top 10 accounting and financial services network. We are the number one choice for companies and financial institutions looking to invest and develop in the industry. We are Horwath HTL, the global leader in hotel, tourism and leisure consulting.

HY8



# **Beyond Competition, Foster Coalition to Create Systemic Changes**

Shaping ESG Practices

**Brune Poirson**

*Chief Sustainability Officer at Accor*

### Synopsis

Accor's Chief Sustainability Officer, Brune Poirson emphasizes a systemic approach to sustainability, going beyond cosmetic changes and driving green transition in the hotel industry. The company champions a "multi-local" philosophy, integrating its properties into local communities and offering authentic local experiences, resonating with the growing trend of travelers seeking to benefit local communities. Accor's commitment to sustainability extends across continents, leveraging its European roots and regulatory leadership in environmental matters to influence global practices.

### A SYSTEMIC APPROACH IS INSTRUMENTAL TO HAVE A LOCAL AND CONCRETE IMPACT

Companies must go beyond merely cosmetic changes. They must instead drive change and accelerate the green transition. One of the most effective ways to embrace this shift is to adapt our governance model, evolving from a silo-based approach to a systemic approach, thereby integrating the challenges facing the tourism industry in close collaboration with all stakeholders and going beyond the competitive environment. Working with our peers to tackle the main challenges facing our industry will enable us to move forward more quickly and bring to life a responsible and sustainable hospitality model. Continuing our work at local level is also vital.

Accor must become truly embedded in the local communities in which our properties operate. Our quest to be a "multi-local" company makes sense, with 58% of travelers considering it important that their trip benefits the local communities of their destination. With brands that offer authentic local experiences and strive to act responsibly in their day-to-day activities, we are focusing on hotels' local ecosystems and addressing customers' growing expectations. In this article, we intend to explain and illustrate how our governance model is central to establishing strong local presence, and fostering greater collaboration beyond competition which are two pivotal strategies in accelerating the global hospitality industry's sustainability transition.

### ACCOR: A GLOBAL LEADER

Accor is present on all six continents and across all market segments, from the Economy segment to the Luxury segment. Outside the United States and China, Accor is the global leader in hospitality. The Group benefits from its longstanding presence and business roots in Europe, a continent that is at the forefront of environmental issues – particularly from a regulatory perspective – and which is also the Group's birthplace. This support allows us to be fully committed to change, to shape the future and to promote sustainability. We must share and promote the best practices already implemented in Europe to positively influence change throughout the world. We are the leaders on our own continent and our strength and positioning means that we must employ our influence and introduce virtuous circles, so that best practices can be replicated elsewhere to catalyze change on a global scale. Companies need to redefine their societal role: offering their guests a new way of seeing and acting with sustainability in mind, even before they ask for it. We must wholeheartedly embrace this strategy, which represents a genuine opportunity.

### EXTENDING PARTNERSHIPS BEYOND THE HOSPITALITY INDUSTRY

As is often the case, we cannot achieve this alone. Our sphere of operation is too limited, constrained and lacks scale. Through alliances and coalitions, along with collaboration at local level, we can adopt new and innovative paradigms which can only further strengthen our own model. We need to establish strong dialogue with all stakeholders in every region where the company operates. To forge ahead, we must embrace the idea that innovation is a remedy for a region's vulnerability. However, this innovation cannot be just purely technological. It is true that technological tools are paramount to key sustainability activities. From measuring and factualising impact and providing proof, to process innovations such as smart heating and cooling, reducing water waste, and supply chain optimization, technology is a deeply powerful lever. However, innovation is also about culture, process, building relationships, and about society. To develop new business models, the status quo must be challenged. That is why Accor is building a strong network of alliances, such as the Sustainable Hospitality Alliance, an international organization that brings together hotel groups committed to sustainability, and which promotes collaboration between members focusing on key projects leading to the development of new industry standards. Under the leadership of Caroline Tissot, her procurement teams and Ecovadis, we have also just jointly launched the HARP alliance (Hospitality Alliance for Responsible Procurement), which brings together the leading procurement players from the hospitality industry to transform this business function and align our actions to support our shared vision. One of the leading current trends in terms of sustainability involves buying locally rather than internationally, with the supply chain at the forefront of the hospitality sector's move towards sustainability. A study by the Chartered Institute of Procurement & Supply (CIPS) shows that, during the past year, 40% of British companies have replaced at least one international supplier with a local supplier, thereby illustrating how businesses are switching to local providers.

It is just as essential to promote partnerships outside our industry. We are an active member of the International Food Waste Coalition, a not-for-profit organization, created to promote collaboration and coordinate initiatives aimed at reducing food loss and waste in the hospitality and catering sectors in Europe. Accor, alongside Kering, is also the joint leader of Génération Egalité's Coalition Against Gender-Based Violence which brings together stakeholders to take practical steps to protect women.

### THE CRUCIAL ROLE OF TRAINING AND EMPLOYEE EMPOWERMENT

Lastly, all this work would be meaningless without the valuable work and feedback from the teams in our hotels. For this, training is essential, for example, the School for Change training course has provided Group employees with access to a content platform and a training path focused on the fundamentals of climate change. Accor has also been a trailblazer with its Indigenous Careers program in Australia and the Accor Kenya Youth Empowerment Program (AKYEP), a six-month mentoring scheme with trainees and young adults from local communities.

At Accor, we are developing dedicated programs, by recruiting and training, by teaching new skills and by offering mentoring to people from a wide range of backgrounds. The reality is that many of our new hires come from disadvantaged backgrounds and often have no qualifications. We want to give them genuine opportunities to succeed in our industry by facilitating social mobility. Group employees have been involved in large scale training so that every individual can understand all there is to know in their own area of work regarding sustainability and thus make the right decisions and action the required changes at all levels of the company, as this transformation is everyone's responsibility. By joining forces and working towards achieving a shared objective, we learn from each other. We strengthen one another as a result of our collective wisdom, which is particularly true in the case of industry-wide coalitions. The extent and complexity of the task requires coordination between all the individuals involved, and alliances enable us to work together to understand, assess and find solutions to a critical environmental challenge. As an industry, we are increasingly learning to work together towards implementing, even if we could do more systemic changes. But this reflects our shared commitment to ensuring the current and future hotel industry is based on sustainability. We aren't perfect, but we are committed to doing better to ensure we achieve our ambition. It's a matter of survival for the industry.

## FORGING AHEAD: THE PURSUIT OF SUSTAINABLE TRANSFORMATION IN THE HOTEL INDUSTRY

Being a leader, we strive to influence the rules of the game and translate imagination into positive action on the ground. Already this ambitious vision has engendered significant positive change at the local level for some of our hotels. To name but a few, Raffles Seychelles collaborates with the Marine Conservation Society, inspiring and encouraging guests to contribute to the rehabilitation of coral reefs at the resort. In France, Novotel Marseille East has also initiated a partnership with LPO (Ligue pour la Protection des Oiseaux) to protect local biodiversity by creating a refuge for local birdlife. In addition, Sofitel Marseille works extensively with local partners to help anchor its offering within the local area, engaging with individuals from farmers to artists to remain an active contributor to its community.

Let's continue to work together with all the key stakeholders, from our peers, employees, owners to policy makers to bring about sustainable systemic changes right down to the hotels.



### Brune Poirson — Chief Sustainability Officer at Accor

Brune Poirson is a graduate of both the Aix-en-Provence Institut d'Etudes Politiques (France) and the London School of Economics (UK). She also holds a Master's Degree from the Harvard Kennedy School of Government (US). Having always been committed to sustainable development, Brune has dual experience working in the private and public sectors. She held various roles in New Delhi (India), in the Office of the Indian Prime Minister and at the French Development Agency, before becoming Director of Social Responsibility – South Asia for Véolia in 2011. In 2015, in parallel with her work within a green start-up incubator in Boston, Brune was involved in the French presidential and parliamentary election campaign. Within the French government, she was elected to the French National Assembly for the Vaucluse département in 2017 and was subsequently appointed Secretary of State for the Environmental Transition, where she championed the anti-waste law, which among other things addressed plastic pollution. The first French person to be elected Vice President of the United Nations Environment Assembly, she is also a member of the Board of Trustees of Fondation de la Mer. Brune joined Accor in May 2021 as Chief Sustainability Officer and is a member of the Executive Committee. With the tasks of defining, driving and monitoring the commitments, strategy and roll-out of the Group's action plans in relation to sustainable development, Brune is also responsible for Accor Solidarity and ALL Heartists endowment funds.

### Accor — [group.accor.com/en](https://group.accor.com/en)

Accor is a world leading hospitality group offering experiences across more than 110 countries in 5 400 properties, 10 000 food & beverage venues, wellness facilities or flexible workspaces. The Group has one of the industry's most diverse hospitality ecosystems, encompassing more than 40 hotel brands from luxury to economy, as well as Lifestyle with Ennismore. Accor is committed to taking positive action in terms of business ethics & integrity, responsible tourism, sustainable development, community outreach, and diversity & inclusion. Founded in 1967, Accor SA is headquartered in France and publicly listed on Euronext Paris (ISIN code: FR000120404) and on the OTC Market (Ticker: ACCY) in the United States.

HY8



# Inclusivity in decarbonisation: from luxury to mainstream

Shaping ESG Practices

**Catherine Dolton**

*Chief Sustainability Officer, IHG Hotels & Resorts*

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.

**IHG Hotels & Resorts** — [ihgplc.com](http://ihgplc.com)

IHG Hotels & Resorts is a global hospitality company, with a purpose to provide True Hospitality for Good. With a family of 19 hotel brands and IHG One Rewards, one of the world's largest hotel loyalty programmes, IHG has over 6,000 open hotels in over 100 countries, and more than 1,900 in the development pipeline.



HYB



# The Costs and Benefits of a Global Transformation to Sustainable Hotels

Shaping ESG Practices

**Megan Epler Wood**  
*Principal, EplerWood International*

### Synopsis

Megan Epler Wood writes that the journey toward sustainability in the hotel industry requires a multifaceted approach, balancing financial gains with environmental benefits. The article underscores the need for holistic, region-wide sustainable infrastructure projects, supported by public-private partnerships and concessionary finance packages. This coordinated effort is crucial for the hotel industry's transition to renewable energy and ecosystem protection, ensuring long-term resilience and sustainability.

The sustainability pathway for hotels has been trodden by many an expert, and an ever-growing generation of sustainability managers are looking at concrete gains and financing methods to lower energy costs and Greenhouse Gas (GHG) emissions to demonstrate both financial and environmental benefits.

Undertaking an analysis of the sustainability of hotel infrastructure requires a cost benefit analysis. Often the costs can outweigh the benefits in an annual financial review due to the need for substantial upfront investment. But the return on investment is increasingly evident. New research on hotel valuations found that upgrading to advanced heating and cooling systems (VRFs) powered by solar panels achieved savings of \$200K annually in larger hotels in urban areas and a higher valuation thanks to VRF systems which outclassed the competition ([source](#)).

Getting down to the brass tacks is essential to tackle any of the pathways towards Net Zero hotel operations. All such pathways will require financing. The Sustainable Hospitality Alliance is seeking to unlock more financing for green and resilient hotels. At the basis of this effort is a call for a global standard to identify high-quality sustainability initiatives. CEO Glen Manduick states that green financing is a crucial enabler to the vision of a Net Positive Hospitality industry. He notes,

*To unlock green finance there must be transparency. Information sharing is imperative but there are challenges. Industry must have a global standard to identify high quality sustainability initiatives that are worthy of investment. (Source: [Hospitality Net World Panel](#))*

It is always essential to recognize that the hotel world operates with branding agreements which may not provide clear pathways for local owners and franchisees. While strategies may be laid out for an energy transition, local hotel owners and franchisees often have trouble financing such ideas.

In the United States [Catherine Dolton](#), Vice President of Global Corporate Responsibility at the InterContinental Hotels Group (IHG) finds that the company must be honest with their hotel owners, that it is a challenge to become net zero and that it takes investment and support and incentives from governments to make it work. In this case, Dolton worked with franchisees to take advantage of the historic Inflation Recovery Act (IRA) in the U.S. She notes,

*Following our targeted lobbying efforts with key White House Officials, U.S. agencies and Members of Congress, we helped to secure in the IRA an expansion to the Energy Efficient Commercial Building Tax Deduction (Sec. 179d) and create an*

*Investment Tax Credit for renewable energy. This will offer greater value to owners making retrofits to aging systems and drive down costs while supporting IHG's broader Journey to Tomorrow emission reduction targets." ([source](#))*

Importantly, Dolton notes that Energy Conservation brand standards are now being built into all IHG hotels in the Americas. She realizes that many hotels have capital constraints and for this reason IHG has partnered with an intermediary company to help them get financing and move ahead with the revamping required to meet updated energy standards.

Another major brand, Accor, successfully placed its first bond issue indexed to the Group's sustainable development goals for \$700 million with a coupon rate of 2.375%. These bonds are indexed to the Group's greenhouse gas emission reduction targets – 25.2% for Scopes 1 and 2 and 15.0% for Scope 3 – by 2025 versus 2019. It is very important to note that using Scoping measures for GHG emissions makes Accor's actions easier to reference for other brands and for regional initiatives. ([source](#))

But there is a problem to solve on a large scale. Capitalizing the new infrastructure required to meet Paris Climate goals and the sustainable infrastructure needs of many destinations will not be obvious or simple. There is a long way to go. Realistically, hotels will need to be part of a much larger effort, at the destination level, to bring more sustainable infrastructure to a wide range of regions.

Hotels could gain economy of scale to solve key sustainability problems by working with Smart Cities, which maintain vital data on progress towards sustainability. In future, destination-wide programs to build and finance sustainable infrastructure for energy, waste, wastewater, and water management will need to be calculated based on rates of return for both cities and hotel companies, as part of the work to create a well-managed destination, ensure resilience, and support on going hotel improvements. Such work requires green financing to manage renewable infrastructure at scale. Once it is understood that hotel financing is part of a larger project to finance renewable infrastructure at the destination level, the cross-sectoral dialog on improving tourism's sustainability can lift off! Next steps to achieving concrete goals will require astute management at both the hotel and regional government level, where owners and corporate brands need to come together to finance their larger ambitions in coordination with regional agencies seeking to do the same.

Overall, the financing for managing the hotel ecosystem in regions around the world, especially in coastal areas, will require holistic thinking and specialized concessionary finance packages, where there can be asset protection and green financing for resilience results. This is especially critical to hotel industry survival in coastal areas where the climate crisis is ever more evident. Given coastal and marine tourism constitutes roughly 50% of all global tourism, there is every reason for the hotel industry to immediately analyze their assets at risk and work towards both renewable energy and ecosystem protection packages which can protect them in a crisis.

The beginnings of such packages to lower risk and build resilience can be found in the field of conservation finance, where billions of dollars in investments are being made by major corporations, such as Apple, Procter & Gamble, and Unilever. They are creating portfolios with major NGOs such as the Nature Conservancy and Conservation International to invest in climate, nature, and resource efficiency projects at scale via public-private partnering at the local level.

Is there the possibility of a global financing system to lower the total footprint of global hotel chains as part of global ecological restoration and infrastructure renewal? It is not out of the question. But this will require advanced collaborative strategies between hotel corporations, consistent metrics across platforms, and public-private investment systems.

The various pathways to achieve net zero outcomes for hotels often lie in cost-benefit spreadsheets for annual financial decisions. The steps along the way will increasingly require joint projections with regional entities for regional infrastructure improvement. This will also entail unpacking all possible incentive opportunities and sourcing best-in-class concessionary finance packages with low loan interest rates for local hotel owners. A review of several investment and incentive strategies at scale in key destinations is now needed to improve hotels' net zero outcomes at scale.



**Megan Epler Wood** — Principal, EplerWood International

Megan Epler Wood leads the international consulting firm EplerWood International (EWI) to design sustainable tourism development projects working in 40 countries and was the Founder and President of The International Ecotourism Society 1990-2002. She is the lead author of the 2019 report *Destinations at Risk; The Invisible Burden of Tourism*. Her 2017 book, *Sustainable Tourism on a Finite Planet* is used as a text worldwide. She presently acts as Managing Director of the Sustainable Tourism Asset Management Program (STAMP) at Cornell University in the Center for Sustainable Global Enterprise at the SC Johnson College of Business where she is leading the evolution of a sustainable tourism research and education center.

**Cornell | Nolan School of Hotel Administration** — [sha.cornell.edu](http://sha.cornell.edu)

The Cornell Peter and Stephanie Nolan School of Hotel Administration is the premier school for hospitality education in the world. As an integral part of the Cornell SC Johnson College of Business, the school is leading the world in teaching and researching the business of hospitality—marketing, finance, real estate, operations, and more, all applied to the world's largest and most exciting industry. Top faculty, industry leaders, alumni, and students work together to generate new knowledge for the hospitality industry and form the premier network that shapes the industry every day.