

Will ESG leave your hotel stranded?

Hotels must perform better on ESG to avoid ending up as stranded assets. That's the clear message from the recent 'Make an impression, leave no trace' forum in Sydney.

What's the driver?

Higher levels of institutional investment are placing hotels under increasing scrutiny, as investors look for the ESG accountability they expect across other asset classes. Pressure from above is matched by pressure from below, as guests, keen to travel in the wake of the pandemic, seek out sustainable and value-aligned options. A Booking.com sustainability report that said 81% of travellers want to stay in sustainable accommodation¹. Operators must balance the guest experience with better ESG performance.

So what does better ESG look like and how can hotels implement it? Here are four key areas where you can make a difference.

1. Carbon counting

Circular economies and net zero carbon are the holy grails in a world where reducing emissions has become the number one sustainability goal.

The imperative to work with existing building stock to retain embodied energy is gaining rapid momentum in every sector. Hotels are good at re-purposing buildings, often to the benefit of guest experience. A recently opened hotel in a 1950s building in the US that has achieved Passive House and LEEDS certification, proving that with considered design, re-purposed and renovated buildings can meet high environmental performance ratings.

For new builds, net zero concrete has the potential to be one of the biggest contributors to reducing carbon footprint. As has low carbon timber construction. Another major theme for hotels is electrification, which is being implemented as a decarbonisation strategy across many new hotels globally.

Whether new or existing building stock, reducing operational carbon is being addressed through the introduction of energy-efficient design, processes and technologies with waste minimisation and generation of renewable energy on site becoming a priority.

1. Booking.com 2021 Sustainable Travel Report
<https://globalnews.booking.com/bookingcoms-2021-sustainable-travel-report-affirms-potential-watershed-moment-for-industry-and-consumers/>

2. Specify right

Specifying a high-quality fit out at the start pays dividends. In one example, the renovation of a Hilton hotel found the 12-year-old bathrooms were so well built that they didn't need to be replaced, demonstrating the value of a robust design process.

Specifying locally made products is another strategy with multiple benefits. These include: cutting transport costs and carbon emissions; reducing lead times (important in the hospitality industry); and demonstrating social responsibility by supporting local businesses.

3. Putting people first

There's an increased focus in the hotel industry on creating better work environments and empowering staff. Educating the workforce is of great importance, ensuring everyone understands what's happening around ESG and what they should be doing, and giving people permission to drive change and innovate.

4. Collaboration across supply chains

A greater sense of responsibility across the board has emerged in the hotel sector. The move towards circular economies requires collaboration across every aspect of the supply chain, removing the notion that any one business can do it alone. It's time for everyone to come together to make a difference.

About the forum

'*Make an impression, leave no trace*' was hosted by global architecture design studio Buchan to kick-start a critical conversation about ESG (Environmental, Social and Governance) in the hotel industry in Australia.

The forum gathered a panel of influential hoteliers, asset owners, developers, designers and consultants to talk about the ESG drivers, opportunities and challenges facing the sector. Their insights provided a snapshot of where the industry sits and where it wants to be, referencing global trends and emerging technologies.

Buchan would like to thank the expert panellists:

Richard Boele, Chief Purpose Officer at KPMG, moderated the discussion between expert panellists: **Phillipa le Roux**, Design & Project Director - Architecture, Design & Construction at Hilton; **Ian Devereux**, Group Head of Development at Salter Brothers; **Margit Robertson**, Consultant, Circular Economy & Sustainable Tourism Development; and **Valerie Mack**, Principal and Sector Leader, Buchan.

