

HOTEL OWNERS FOR TOMORROW



2019 HOT ROUNDTABLE SERIES - HONG KONG

Date: 23rd Oct 2019 | Hosted by: Renaissance Harbour View Hotel, Hong Kong

HONG KONG 2019 PARTICIPANTS OF HOT (HOTEL OWNERS FOR TOMORROW). HOT IS A COALITION RALLYING OWNERS IN ASIA TO DEMONSTRATE THEIR COMMITMENT TO HELPING THE PLANET AND ITS PEOPLE.

2019 Hong Kong Roundtable Participants

<ul style="list-style-type: none"> • Robert Hecker, Managing Director, Pacific Asia, Horwath HTL 	<ul style="list-style-type: none"> • Nikhom Jensiriratanakorn, Director, Pacific Asia, Horwath HTL
<ul style="list-style-type: none"> • Flora Tse, Senior Director, Asset Management, Marriott International 	<ul style="list-style-type: none"> • Joshua Wong, Corporate Sustainability Manager, The Hongkong and Shanghai Hotels, Limited
<ul style="list-style-type: none"> • Eelco Böhlingk, Director, Design Development Operations, Marriott International 	<ul style="list-style-type: none"> • Lucy Christie, Director, Owner Relations, Marriott International, Inc.
<ul style="list-style-type: none"> • Alexandra Yao, Vice President of Development, Mandarin Oriental Hotel Group 	<ul style="list-style-type: none"> • Gert Noordzy, Managing Director, Northside Consulting
<ul style="list-style-type: none"> • Bill Barnett, Managing Director, C9 Hotelworks 	<ul style="list-style-type: none"> • Jennifer Cheung, General Manager, EAST, Hong Kong
<ul style="list-style-type: none"> • Omar Romero, Vice President Development, Six Senses Hotels Resorts Spas 	<ul style="list-style-type: none"> • Jason Chuei, Strategy and Business Development, Owner Relations, Expedia Group
<ul style="list-style-type: none"> • Eric Ricaurte, Founder & CEO, Greenview 	<ul style="list-style-type: none"> • Jessica Yau, Senior Manager, Greenview

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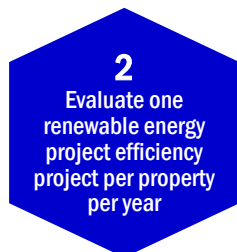
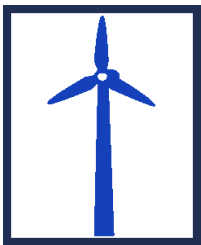
THE FIVE ACTIONS FOR BUILDING A SUSTAINABLE FUTURE

To take sustainability to the next level in our industry, hotel owners will make the difference. HOT is simple: hotel owners commit to 5 basic actions. There is no cost to join, and the 5 actions do not require a financial commitment.

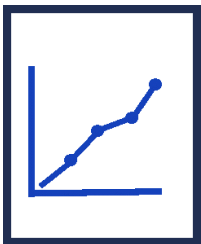
To support HOT, a coalition is being built of hotel brands, management companies, industry bodies, and other supporters in hotel development to help owners carry out the actions.



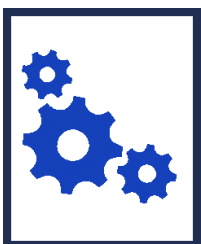
- Discuss sustainability at the onset of developing a project or acquiring a property to explore opportunities to improve.
- Talk about sustainability, its challenges, and its opportunities with capital advisors, developers, managers, and brands.
- Talk about energy, water, waste and carbon footprint of the building as well as external factors such as climate risk, water stress and protecting nature to identify risks and opportunities to get more value out of your investment.



- Review and consider at least one renewable energy-related project and at least one project relating to reducing energy, water, or waste for each property in the portfolio per year, either onsite or offsite.
- Encourage partners to develop good projects for you to review.
- If you have a portfolio, you can consider one project and see how it may apply across your properties.



- Track each property's energy, water, waste, carbon emissions, and community impact for the entire portfolio.
- Review at least once a quarter.
- Benchmark these results among your portfolio, among peers, or through industry benchmarking.



- Encourage your property teams to actively participate in brand- and management company-led initiatives.
- No-cost options include participating in surveys, using their sustainability software, communicating their initiatives, keeping related signage updated, and participating in global volunteer or community events.
- For independent hotels, demonstrate how you support the branding of sustainability.



- Help spread awareness and best practices that demonstrate solutions that are working to create value for the owner with the investment community.
- Communication methods include case studies, articles, and reports.

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Roundtable Summary

Industry leaders from the Hotel Owners for Tomorrow (HOT) coalition convened for the fourth time in Hong Kong on 23 October 2019. The three-hour event divided sessions into thematic topics, with participants taking turns facilitating moderated discussions on the overarching topic of the roundtables: how to get hotel owners and hotel development professionals to be more engaged in sustainability.

Best Practice Sharing on Proven Investments *facilitated by Eric Ricaurte, Founder & CEO, Greenview*

Participants took turns updating the group on the successes of past projects, and initiatives currently being worked on. Joshua Wong, Corporate Sustainability Manager, The Hongkong and Shanghai Hotels, Limited, opened the first topic related to internal engagement. Wong shared the successes of the sustainability team who found a good way to build internal buy-in of integrating sustainability into the business model by engaging various departments in the organization such as Project Management, Finance and Operations. A simple but effective way to engage them is to organize a lunch & learn for internal teams, providing the basics of sustainability and highlighting how climate change will impact business, along with related topics such as water scarcity. This has been helpful in effectively linking sustainability topics with business and their day-to-day life, making these topics more digestible to different disciplines. Feedback from participants was positive.

Jennifer Cheung, General Manager, EAST, Hong Kong, highlighted several guests engaging green initiatives with the group. “We are committed to phasing out the single-use plastic water bottles from the hotel, and we installed filtered water tap in guestrooms which is arranged by our sister company Swire Coca-Cola. Our gym room is also equipped with water dispenser.” Cheung also introduced the Green Kitchen Initiative launched by Swire Properties for its F&B tenants to save resources together. F&B tenants are being scored using a 1-3 leaf rating with 3 leaf represents the greenest performance. Using the restaurant renovation as the opportunity, EAST is looking into this initiative and aimed at achieving the top level of 3 leaf.

Hotels also started rethinking their design standards and service standards if more sustainability consideration can be incorporated. Cheng mentioned, “As some cities in Mainland China have already abandoned the provision of dry amenities in hotel, we started a trial of not offering dry amenities to our guests during this low occupancy period. Dry amenities were being taken out from guestrooms, and a dry amenity pouch with all the items is given to the guest upon request instead of providing by default in the guestroom. We found that manpower can be saved as a result. During the one-month trial, only 10% of guests requested dry amenities, a lot lower than our anticipation.” Based on the encouraging results and encouraging feedback, EAST hotel has not provided dry amenities to guests by default and expanded this initiative to the entire hotel. Some positive media coverage has been gained as a bonus.

Sustainability makes business sense:

“Stop offering dry amenities not just saves resources but is also an environmentally friendly initiative.”



Jennifer Cheung, General Manager, EAST, Hong Kong

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The Hongkong and Shanghai Hotels, Limited is also reviewing its service standards on topics such as the possibility to reduce items in the food basket with seasonable fruits to reduce wastage. Single use plastic elimination is on their radar, and they are seriously looking into the challenge of cost, supplier availability and local regulations.

Omar Romero, Vice President Development, Six Senses Hotels Resorts Spas, highlighted how Six Senses adds the sustainability agenda upfront to new projects. “Owners are requested to hire sustainability/environmental consultant for all new projects. Six Senses can provide a recommended list. There are sustainability requirements in the contract terms. For example, new projects need to conduct an Environmental Impact Assessment (EIA) and it is mandatory for the hotel to staff an ongoing position of sustainability manager”, said Romero. Six Senses has also set environmental goals for driving environmental improvement, which includes completely free of plastic by the year 2022 and consuming 10% energy from renewable source at a minimum.

Programs to Engage Owners *facilitated by Lucy Christie, Director, Owner Relations, Marriott International*

Act First

“Be realistic and take achievable, tangible steps to get results.”



Lucy Christie, Director, Owner Relations, Marriott International

Most owners look at the dollars and cents of a hotel investment by default, but how can they be engaged to plug in the sustainability elements? Lucy Christie, Director, Owner Relations, Marriott International, shared, “Sustainability case studies are preferred by owners and demonstrating the business value of sustainability would have the most impact. Tangible numbers and hard data, showing either cost savings or proven increased demand from guests, are important.” At Marriott, we include a presentation slide about Marriott’s sustainability commitment when we have the first dialogue with our potential owners.” Alexandra Yao, Vice President Development, Mandarin Oriental echoed, “It is important for hotel companies to educate the development team because they represent the brand and have the first dialogue with potential owners. If they can embed the sustainability aspects during the kick-off based on owner’s sustainability buy-in level, it can help managing the expectations and would open the door for other departments to further communicate ESG with the owners.” Participants agreed that the key challenge often encountered is that sustainability is not usually part of the hotel brand standards by the development team.

This led to an interesting discussion about which group of owners are easier to approach or have more buy-in of sustainability topics. Around the table, Flora Tse, Senior Director, Asset Management, Marriott International, Christie and Yao all shared the same view that second generation owners tend to view sustainability more favourably.

Robert Hecker, Managing Director, Pacific Asia, Horwath HTL shared their experience in providing consultancy service to owners. Hecker echoed hotel owners play a huge role in sustainability and there is an increased consideration of sustainability-linked risks.

Gert Noordzy, Managing Director, Northside Consulting, suggested that the lack of project management in the hospitality industry was a key issue at the moment. “To be successful, sustainability must be project managed as an integral part of the project life cycle for new hospitality assets”, stressed Gert Noordzy.

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Tse also pointed out that hotel renovation is an excellent occasion to add sustainability and utility savings elements to a hotel property, which could improve environmental savings at the property. Furthermore, operations team are the ideal stakeholders to emphasize and demonstrate the ROI and benefit of these upgrades.

Jason Chuei, Strategy and Business Development, Owner Relations, Expedia Group, shared that travellers, especially the younger generation, take sustainability experience of hotels into consideration. Therefore, the travel agency industry has started addressing this opportunity. Chuei highlighted, "Ranking of sustainable hotels will go up in the Online Travel Agency (OTA) space. Also, an award/pledge for recognizing sustainable/green hotels is under consideration."

From a hospitality real estate's perspective, Bill Barnett, Managing Director at C9 Hotelworks, indicated the importance of examining and advising project development and planning with sustainability considered. As Barnett highlighted, "The annual conference PHIST (Phuket Hotels for Islands Sustaining Tourism) in Phuket has been a perfect platform for leading hotels, hotel owners, retailers and other key stakeholders from across the Asia Pacific region, to discuss critical environmental issues and devise ways of tackling them head-on. If more owners can participate, it would be easier for development team[s] to gain their buy-in in the future."

Capitalizing on the Sustainability Buzz and Moving Forward *facilitated by Alexandra Yao, Vice President Development, Mandarin Oriental*

Be passionate

"I have become passionate about sustainability with a goal to help influence and encourage other development professionals to do more because our training and day-to-day business have traditionally not included discussing sustainability with owners."



Alexandra Yao, Vice President Development, Mandarin Oriental Hotel Group

Alexandra Yao, Vice President Development, Mandarin Oriental Hotel Group stated that she did not have the chance to be in touch with a sustainability department or green champion in her previous development roles at other hotel companies. Professional training did not cover sustainability and no tools were given to her to engage potential owners in management contract pitches regarding sustainability. After joining last year's HOT Roundtable in Singapore, Yao grew interested in the topic and read more literature on various ESG topics. Yao said, "Mandarin Oriental has put sustainability up as a priority for the group. As I am now passionate and more trained about the sustainability topic, it is easier for me to push for more engagement with owners and I have started encouraging other development professionals to do the same. Sustainability practices and guidelines are shared during the kick-off meeting of all new projects. In addition to having a Green Development Team and Sustainability Guidelines for new projects, we now are seeking to staff a sustainability executive with expertise in supporting and monitoring best practice during the development stage." Yao was also delighted to see that more request for proposal invitations from owners now have sustainability specification requirements.

After Yao shared her experiences, participants discussed ways to get various internal stakeholders, from development teams to operators, to be engaged in the sustainability journey. Wong first agreed that technical support to project management teams on sustainability is important. In Hongkong and Shanghai Hotels Limited, the sustainability team

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works together with the project development team on green building development instead of giving advice only. Achieving basic green building standards can also build internal interest. Romero added it would be good if sustainability elements in projects would become part of the default project specifications, similar to the Fire, Life & Safety procedures.

Eelco Böhlingk, Director, Design Development Operations, Marriott International, echoed big corporate clients have started looking into sustainability topics and are driving hospitality players to move. Böhlingk highlighted, “Nowadays, some of the more common RFP questions include information on carbon emission and sustainability focus to see company alignment.”

For developments on islands, Barnett discussed how his company works with clients on energy infrastructure development and renewable energy adoption. He saw that more clients engage consultants to evaluate solar energy as an option as it is becoming more viable.

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COALITION MEMBERS

As of 18 Nov, 2019

OWNER SIGNATORIES

- Akaryn Hotel Group
- Alphanam Group
- Brightland Hotel Pvt Ltd
- Cempedak Private Island
- Crystal Creek Meadows
- GreenPlace Assets
- Harilela Hotels
- Hong Kong Cyberport
- Intermass Engineering & Contractors
- ITC Hotels
- Jasminn by Mango Hotels
- Leopard Rock Hotel
- Nikoi Island
- Pro Invest
- Pt Anugrah Karya Bangsa
- Pt Dua Cahaya Anugrah
- Swire Hotels
- Taj Hotels Resorts and Palaces
- The Hongkong & Shanghai Hotels
- The Henry Hotel
- The Lighthouse Marina Resorts

INDUSTRY PARTNERS

- Estilo Hotels
- Hyatt Hotels Corporation
- Kokotel Bed & Café
- Marriott International
- Meritus Hotels & Resorts
- Six Senses Hotels, Resorts, Spas
- Wyndham Worldwide

NETWORK PARTNERS

- GreenOtels
- International Tourism Partnership
- Pacific Asia Travel Association
- Phuket Hotels Association
- Subic Bay Hotels, Attraction, and Tourism Stakeholders Visitor Board

SUPPORTERS

- C9 Hotelworks
- Craft House Consulting
- Greenview
- Horwath HTL
- Northside Consulting
- Tajara Leisure & Hospitality Group
- Tourism Solutions International
- TTG Publishing Travel Trade

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JOIN THE COALITION

Hotels for Owners of Tomorrow (HOT) is a true coalition, with limited overhead or administrative structure, intended to advance peer-to-peer sustainability discussion among owners and investors. Ongoing roll-out is undertaken by the coalition's constituents through their various roles, channel, and initiatives including roundtables, internal presentations, and a resource library. Types of entities that may

- ❖ **Signatories** – owners of hotel real estate who commit to the principles and follow them. Some entities may play a dual role for both owning hotels and managing hotels for other owners.
- ❖ **Industry Partners** - entities with a direct relationship with owners and whose performance directly benefit from owner commitments (e.g. hotel brands and management companies).
- ❖ **Network Partners** - entities that benefit indirectly from the initiative's success because it is also aligned with their mission, purpose, or complementary initiatives (e.g. industry associations and initiatives).
- ❖ **Supporters** – entities that help hotel owners make investment decisions, or media that helps promote them. *Not vendors of green products or services.*

HOW TO JOIN THE HOT COALITION

- ❖ The entity or a significant portion of its parent ownership of the entity is **headquartered in an Asian country** and owns a controlling interest in at least one property classified as a hotel/resort.
- ❖ **All four types of Coalition members**, including Signatories, Industry Partners, Network Partners, and Supports can **join by signing a commitment form** found here: <https://www.hotelsfortomorrow.org/jointhecoalition>, subject to approval for meeting the criteria for each membership type.
- ❖ The Owner Signatory **carries out its commitments** and **promotes becoming a signatory** to other entities who become interested.
- ❖ The Industry Partner and Development Supporter roles are to **engage owners to become signatories**, and **support signatories in implementing the principles**.
- ❖ The Network Partner and Media Supporter roles are to **provide external credibility to the initiative** and **help disseminate it throughout their networks**, further enabling signatories to be recognized.

Hotel Owners for Tomorrow is a grass-roots initiative of the hotel industry, launched in late 2016 and currently under pilot in Asia for bringing hotel owners to the global discussion of sustainability with financial acumen. There is no cost for owners to join, as this is a voluntary pledge, and the 5 actions do not require a financial commitment.

For more information and to join the coalition, visit
www.hotelsfortomorrow.org.