

HOTEL OWNERS FOR TOMORROW



2023 ROUNDTABLE SERIES – Manila, Philippines

Date: 22 June 2023, 3 PM– 6 PM | **Hosted by:** Ascott BGC, and Philhost 2023

MANILA, PHILIPPINES 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.

2023 Manila Roundtable Participants

<ul style="list-style-type: none"> • Anna Uy, Financial Controller, Panglao Shores 	<ul style="list-style-type: none"> • Atty. Lucas “Doy” Nunag, President; Co-Chair, Amarella Resort, Provincial Tourism Council of Bohol
<ul style="list-style-type: none"> • Beh Siew Kim, Chief Financial & Sustainability Officer, Lodging, CapitaLand Investment 	<ul style="list-style-type: none"> • Christine Sevilla, Director, Development Philippines, Radisson Hotel Group
<ul style="list-style-type: none"> • Cyndy Tan Jarabata, Ceo/Founder, Tajara Leisure & Hospitality Group 	<ul style="list-style-type: none"> • Edilberto "Bong" Evangelista, Executive Director, Resident Manager, Lima Park Hotel
<ul style="list-style-type: none"> • Eric E. Ricaurte, Founder & CEO, Greenview 	<ul style="list-style-type: none"> • Jezreel Apelar, Deputy Executive Director, National Parks Dev’t Committee
<ul style="list-style-type: none"> • Johnny Gao, Senior Manager, Sustainability, The Ascott Limited 	<ul style="list-style-type: none"> • Kash Salvador, Director of Development, Accor
<ul style="list-style-type: none"> • Kim Conception, Director, Residential and Leisure, Tajara Leisure & Hospitality Group 	<ul style="list-style-type: none"> • Oliver Larcher, General Manager, Sofitel
<ul style="list-style-type: none"> • Philip Barnes, Country General Manager, The Ascott Limited, Philippines 	<ul style="list-style-type: none"> • Sam Manigsaca, Director, Appleone Properties Inc.
<ul style="list-style-type: none"> • Saturnino "Bong" Belen, Chairman, Lima Park Hotel / First Asia Venture Capital, Inc 	<ul style="list-style-type: none"> • Tyrone Tan, Managing Partner, Tajara Leisure & Hospitality Group

HOTEL OWNERS FOR TOMORROW

THE FIVE ACTIONS FOR BUILDING A SUSTAINABLE FUTURE

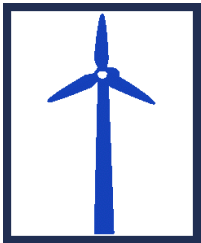
To take sustainability to the next level in our industry, hotel owners will make the difference. HOT is simple: hotel owners commit to 5 basic actions. There is no cost to join, and the 5 actions do not require a financial commitment.

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.



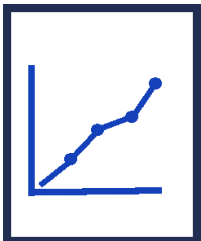
1
Incorporate sustainability from the beginning of investment decisions

- 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.



2
Evaluate one renewable energy project efficiency project per property per year

- 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.



3
Routinely monitor and benchmark sustainability performance

- 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.



4
Support brand efforts

- 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.



5
Share your best practices

- 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 the Philippines on 22 June 2023. 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.

Updates from Previous Roundtables

facilitated by Eric Ricaurte, Founder & CEO, Greenview

Eric Ricaurte, Founder & CEO of Greenview, kicked off the roundtable by revisiting past topics from previous HOT Roundtables, raising three main learnings:

1. Despite the availability of a wide variety of improvement plans, finding contractors to execute and implement solutions on the ground proves to be challenging, further reinforcing the need for HOT Action #5, best practice sharing.
2. Compliance with environmental regulations continues to be difficult in communities where the onus is on small businesses to rally for improvements due to the lack of wider-reaching capacities.
3. Interests in and demand for sustainability are here to stay, proving the immense market value in demonstrating a hotel's efforts and success in being sustainable.

Participants were then invited to share the progress they have made since the pandemic, and the persisting difficulties in overcoming these challenges.

Beyond the pandemic

Philip Barnes, Country General Manager of The Ascott Limited, Philippines, reiterated the third learning and shared that awareness has heightened since the pandemic, and there are a lot more talks about sustainability since. Raising sustainable building designs as an example, Barnes observed that green building associations are organizing more forums to keep efficient building designs at the top of minds, and architects in the field are more conscious and intentional about weaving sustainability principles into their designs. Yet, high equipment costs, limited human resources, and the overall lack of contractors to provide implementation support continue to hinder the execution of innovative solutions.

To provide a glimpse into positive outcomes that could come out of programs that address these implementation challenges, Atty. Lucas "Doy" Nunag, President of Amarela Resort and Co-Chair of the Provincial Tourism Council Of Bohol, shared his experience in the [Anahaw-Philippine Sustainable Tourism Certification](#) program, a European Union-funded project in collaboration with the Department of Tourism (DOT). Through this program, Nunag and hotel owners alike in Bohol were connected with sponsors, development partners, and experts that provided guidance and followed through with hotel improvement processes. The effect is further amplified when success stories were brought to owner communities among hotel associations, where owners compare notes and share credible suppliers. This is especially important when risk-averse owners prefer investing in proven solutions to avoid first-mover disadvantages, and smaller independent hoteliers may not have as many resources otherwise accessible. As a result, many resorts in Bohol became well-equipped and empowered to make operational improvements, allowing them to attain at least some level of certification. Though, these conducive conditions dampened when the program concluded and with the onset of COVID-19.

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Complexities due to the geography of the Philippines

Several participants then pointed out that the Philippines' physical and social geographies present hotel owners with complexities that are unique to the nation. To illustrate this, Saturnino "Bong" Belen, Chairman of First Asia Venture Capital, Inc, provided an anecdote from his hotel development experiences in Batangas. While Batangas is renowned for its rich natural heritage, a combination of local factors is causing the deterioration of its environment. The geophysical landscape of Batangas is crisscrossed with rivers and creeks. Because of this, waste management is challenging since locals are opposed to having landfills due to concerns about environmental pollution. Yet, the lack of waste management systems prompts locals to dispose of waste in creeks, disrupting the local appeal and negatively impacting the profitability of hotel developments in the process.

Christine Sevilla, Director, Development Philippines of Radisson Hotel Group, further elaborated on the complexities within the Philippines by raising renewable energy as another example. As an archipelago, the Philippines consists of a cluster of 7,100 islands which makes it difficult to connect clean electricity to every single community. Even within urban areas, the electricity supply can be unstable, making backup generators that run on non-renewables a necessity to simply keep the lights on. Speaking from their experience, Anna Uy, Financial Controller of Panglao Shores, and Nunag recounted their month-long black-out episode after a typhoon in 2021 damaged critical infrastructure that supplied energy to the local community. The lack of physical connectivity and susceptibility to disasters highlighted the importance of investing in onsite energy to reduce reliance on the grid. It is also important to start looking into renewable energy to go beyond basic access to energy and further reduce fossil fuel dependence.

The sustainability invasion.

"Sustainability has now invaded my mailbox, being a crucial part of every conversation about hotel operation."



Oliver Larcher, General Manager, Sofitel

Advances in renewable energy

While renewable energy has a reputation for being expensive and unreliable, there has been a growing pool of solution providers in the market that makes renewables more accessible than expected. Oliver Larcher, General Manager of Sofitel, shared a business model for onsite solar panels that negate the need for hefty upfront costs. Larcher explained that there are solar development companies that will invest in solar panels for hotels, and hotels can benefit from cost savings by paying for the electricity generated by these panels at a lower agreed rate. Based on his experience, installing solar panels onsite can cover up to 15% of the building's energy needs. While it is challenging for hotels to attain 100% of their electricity from renewables, for any company that has a deep carbon target or net zero as a goal, every percent of renewable energy makes a difference.

Beh Siew Kim, Chief Financial & Sustainability Officer, Lodging, CapitalLand Investment, reiterated Larcher's points and explained that the return on investment can be as short as two to three years, a significantly shorter period compared to other initiatives. On top of that, such arrangements make for a compelling marketing story to showcase the hotel's advanced efforts in transitioning to renewables. To Beh, these quick wins in cost savings and hotel reputations make such ventures a no-brainer.

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Sustainability is the new quality

The conversation then pivoted to the relationship between quality and sustainability. Participants shared a common consensus that outdated quality standards hinder efforts to be more sustainable, and there is a need to start equating sustainability with high quality. A commonly raised example was the requirement to provide guests with 2 plastic water bottles daily, which hinders plastic elimination. With more customers raising questions about the best practices in place to minimize the footprint of their hotel stays, there is a clear demand for hotels to be more sustainable. This is especially so among the environmentally conscious and vocal younger generation that evaluates a hotel's sustainability as part of their decision-making process. On this front, Barnes shared that the DOT is making strides in updating hotel service standards to include more sustainability best practices. This gives everyone at the table something to look forward to as the nation gears up to start aligning with sustainability principles.

Urban Design and Sustainability of a Destination

facilitated by Jezreel Apelar, Deputy Executive Director, National Parks Dev't Committee

Jezreel Apelar, Deputy Executive Director of the National Parks Dev't Committee, lead the second discussion topic on urban design and destination sustainability with a focus on the social aspects of sustainability. By exploring the concept of placemaking as an overarching idea, and its intersection with urban design and destination sustainability, Apelar explained that hotels have a large influence over travellers' impressions of the destination since hotels and lodging facilities are an integral part of their experiences.

The role of cultural heritage in hotel and destination sustainability

Several participants remarked that cultural sustainability is just as essential as environmental sustainability. With preservation at its core, environmental and cultural sustainability does not have to be in silos. There are many creative ways to connect the two and achieve both as an outcome.

Uy provided an example of pursuing both through [Panglao Shores](#), an ambitious effort to create a destination product inspired by the culture of Bohol that will empower communities to operate sustainably. Uy and her team purchased 26 old houses to provide funds to local inhabitants in need, and upcycle the building materials to capture the authentic Bohol feel. The new Panglao Shores will also incorporate multiple best practices and efforts to be a circular economy by having its own farm that will supply produce to the resort, grown out of food waste compost generated from the resort. In the adaptive reuse of old houses, they were able to avoid the need for kiln-drying the wood as it was already resilient, and reduce costs and associated carbon emissions. Also by retaining employees during the pandemic to work on this project, they managed to build a strong community that is committed to the sustainability of this destination. Through this project, Uy and her team were actively creating new stories that continue to shape the culture of Bohol.

Participants agreed that there are multiple avenues to integrate local influences in their hotels to retain local culture. First, interior design presents a great opportunity for hotels to showcase Filipino culture, by incorporating traditional or local artwork. Second, incorporating traditional architectural design is a way to ensure cultural heritage remains accessible to locals that do not need to seek lodging at hotels within their home community. Third, sourcing local materials will help local vendors maintain the financial capacity to provide unique local offerings.

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Building on these points, Barnes indicated that the focus on social and cultural sustainability also creates opportunities for collaboration. For instance, Ascott invites and employs local live bands for its events and establishments, which directly contributes to the vibrancy of the local music scene and provides economic benefit to local talent. Ascott has also partnered with a local university to create new avenues to exhibit local artworks produced by young and talented students. Right down to the uniform of service staff, there are ways for hotels to showcase local culture by basing them on local costumes, fabrics, and design elements. These examples highlight the numerous opportunities to incorporate local voices and preserve local culture.

Beh reiterated the importance of cultural sustainability and cited that it is explicitly listed as a requirement for sustainable tourism in the Global Sustainable Tourism Council (GSTC) certification criteria. Specifically, an entire section in the GSTC criteria is dedicated to guiding hotels to maximize benefits to cultural heritage while avoiding negative impacts.

Developments within protected areas

The conversation then pivoted to the lessons learned from developing hotels in protected areas with rich biodiversity, which is highly relevant to the participants present since hotel developers at the roundtable are also investing in developments within protected areas.

Belen pointed out that while protected areas are beneficial to the environment, in theory, the actual protection remains difficult to realize. With 20% of the hotels in Batangas operating in protected areas, Belen shared that hotels within these jurisdictions often faced highly restrictive rules that limit what they can do within the areas. Yet, the local environment continues to deteriorate due to poor waste management in the area, not necessarily due to hotel operations.

Belen's observation highlights an overall lack of dialogues between the government that draws out the protected area, and hotel owners and operators earning a livelihood within these areas. Owners lack the understanding of why certain restrictions are in place, and governments are not considering local voices and suggestions when setting the regulations. With the example of the tourist tax, which can negatively impact guest arrivals, it is unclear to hotel owners how the funds are used to finance environmental protection.

Uy then provided a glimpse of how responsible business practices and commitment to sustainability can help protected areas enhance environmental health. Operating within a protected area, Uy's resort in Panglao built a bamboo path within the privatized land that allows guest access to selected parts of the mangrove in the area. The resort absorbs the park entrance fee directly and then remits it to the authorities. Under her team's cautious management and care, she noticed that the mangroves have grown significantly, proving that hotels have the capacity to contribute to environmental health within protected areas.

Cultural sustainability is just as important

"Preserving the unique characteristics and culture of a place is the key to destination sustainability."



Atty. Lucas "Doy" Nunag, President Amarella Resort; Co-Chair, Provincial Tourism Council of Bohol

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Bridging the Finance Role with the Sustainability Role

facilitated by Beh Siew Kim, Chief Financial & Sustainability Officer, Lodging, CapitaLand Investment

Beh Siew Kim, Chief Financial & Sustainability Officer, Lodging, CapitaLand Investment, opened the final discussion by sharing her experiences in taking a leading role in finance and sustainability within Ascott, to demonstrate the synergies and benefits of linking the two within a hospitality company. As Chief Financial & Sustainability Officer, Beh oversees sustainability for the entire Ascott group, which includes owned and managed properties, as well as the investment decisions in pursuing sustainability best practices.

Beh is in a unique position to evaluate and make decisions on investing in sustainability solutions for properties owned by Ascott, and subsequently convince third-party owners of managed hotels to follow suit. By doing so, Beh actively builds the business case for sustainability by creating success stories through owned properties and then rolling them out to managed hotels. This proactive strategy puts Ascott in leading positions within the markets where they operate, even within markets where sustainability is in its infancy.

In the finance aspect of her role, Beh has been involved in procuring green financing to enhance the sustainability of the portfolio. Specifically, CapitaLand Ascott Trust (CLAS) collaborated with the International Finance Corporation (IFC) to introduce the [hospitality sector's first sustainability-linked bond](#). To qualify for this bond, organizations need to set and meet ambitious targets for carbon reduction, as well as to achieve green certifications by aligning with sustainability criteria.

For CLAS, proceeds from the S\$200 million bond will go into meeting 2 targets by 2028: a 40.5% reduction in electricity consumption for 3 properties, and attaining IFC's Excellence in Design for Greater Efficiencies (EDGE) certification. Pursuing certification and proving its sustainability will improve the valuation of CLAS's properties and ultimately, open the organization to a bigger pool of investors. Cyndy Tan Jarabata, CEO and Founder of Tajara Leisure & Hospitality Group, backed up Beh's point and substantiated that based on conversations with real estate fund managers, the valuation can be around 15% lower for properties that are not certified.

Strategies to turn investments in sustainability into tangible cost savings

Edilberto "Bong" Evangelista, Executive Director, Resident Manager of Lima Park Hotel, shared his experience with plastic water bottle elimination by creating a system to refill drinkable water in guest rooms. He started by installing refill stations for filtered water at the back-of-house area and then training staff members to sterilize, refill and seal reusable bottles. By doing so, Evangelista eliminates the need to purchase plastic water bottles.

Barnes also shared Ascott's practice of installing occupancy sensors to improve energy efficiency. These sensors are connected to a smart HVAC system that adjusts air conditioning settings based on living room occupancy, and have generated savings of up to 20% resulting from reduced energy consumption.

Aside from cost savings from implementing best practices, strategies on how to lower the price of green amenities were also discussed. For Larcher, his distinctive approach was to put two suppliers in competition, where the supplier with the most competitive price for green amenities will get the deal. With this strategy, he managed to secure lower prices for ceramic dispensers, effectively eliminating 1 million toiletry bottles from his property every year. This example illustrates how hotels can play a pivotal role in generating huge waves of demand for sustainability solutions by consciously seeking better alternatives.

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The need for culture change to accommodate sustainability measures

Beyond investing in sustainability solutions, participants realized that implementation success depends heavily on buy-in from operation teams and supporting staff. When hotels make drastic changes that affect how staff members carry out their work, there might be cultural barriers that could result in some resistance. Using the hotel kitchen as an example, Larcher elaborated on how implementing sustainability measures changed the way chefs cook. After eliminating plastics from the kitchen, chefs have to relearn how to cook using the sous vide method. After switching to more energy-efficient and less polluting induction cookers, chefs who are used to cooking with woks need to adapt and change their cooking habits. To ease staff members into the changes and ensure greater buy-in, hotels must provide training and help employees understand the underlying rationale for making changes.

Another way to ensure greater buy-in is to inculcate sustainability mindsets among owners and employees to encourage initiative and ownership from the ground up. Sevilla shared that Radisson Hotel Group is striving to do so through both its internal and external initiatives.

On the external front, Radisson Hotel Group is looking beyond the boundaries of its own company and convening the industry in leading initiatives such as Hotel Sustainability Basics and the Pathway to Net Positive Hospitality. They have also made commitments in 2022 to decarbonize their business to be Net Zero by 2050.

Internally, Radisson Hotel Group actively engages asset owners and employees to inculcate a sustainability mindset and help internal stakeholders align with sustainability commitments. For instance, they have defined building design guidelines to aid asset owners with achieving building ecolabel certifications such as LEED, BREEAM, and EDGE. Employees are also engaged through sustainability pledges. Such engagement tools can help to get employees involved and influence them to care about sustainability issues that the company is trying to address. By instilling these values and messages among employees, Radisson Hotel Group seeks to inspire employees to champion sustainability efforts and start taking the lead in innovating new ways to advocate for sustainability.

Jarbata commended Radisson Hotel Group's efforts to include and inspire employees in sustainability initiatives, as this will ultimately nurture the Philippines as a society that prioritizes sustainable practice and responsible business. These principles connect back to the original purpose of Philhost – to spark local efforts and initiatives that are specific to the Philippine context.

Bringing sustainable practices home

"Employees who care about sustainability will convert practices at work into practices at home."



Cyndy Tan Jarabata, CEO/Founder,
Tajara Leisure & Hospitality Group

HOTEL OWNERS FOR TOMORROW

COALITION MEMBERS

As of August 2023

OWNER SIGNATORIES

1. Akaryn Hotel Group
2. Alphanam Group
3. Alta Capital Real Estate
4. Brightland Hotel Pvt Ltd
5. Cempedak Private Island
6. Centara Hotels & Resorts
7. Crystal Creek Meadows
8. GreenPlace Assets
9. Harilela Hotels
10. Hong Kong Cyberport
11. Intermass Engineering & Contractors
12. ITC Hotels
13. Jasminn by Mango Hotels
14. Leopard Rock Hotel
15. Nikoi Island
16. Pro Invest
17. Pt Anugrah Karya Bangsa
18. Pt Dua Cahaya Anugrah
19. Swire Hotels
20. Taj Hotels Resorts and Palaces
21. The Hongkong & Shanghai Hotels

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

HOTEL OWNERS FOR TOMORROW

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.