

HOTEL OWNERS FOR TOMORROW



2019 ROUNDTABLE SERIES THE PHILIPPINES, BORACAY

Thursday, 23 May 2019

Venue Hosted by: Crimson Resorts and Spa, Boracay

Hotel Owners for Tomorrow is a grass-roots initiative of the hotel industry, launched in late 2016 in Asia for bringing the hotel ownership, investment, and development community 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; they likely will save hotels money.

HOTEL OWNERS FOR TOMORROW



THE PHILIPPINES, BORACAY 2019 PARTICIPANTS OF THE HOT (HOTEL OWNERS FOR TOMORROW) COALITION. HOT IS A COALITION RALLYING OWNERS ACROSS THE WORLD TO DEMONSTRATE THEIR COMMITMENT TO HELPING THE PLANET AND ITS PEOPLE.

The Philippines, Boracay 2019 Roundtable Participants (Left to Right)

- 1) **Gerhard Doll**, General Manager, Crimson Hotel, Manila
- 2) **Pedrovic U. Gonzales**, General Manager, The Tides Hotel Boracay
- 3) **Michael Gapin**, General Manager, Quest Plus Conference Center - Clark
- 4) **Edilberto "Bong" Evangelista Jr. Executive** Director/Resident Manager, Lima Park Hotel
- 5) **James Montenegro**, Country Manager, Chroma Hospitality
- 6) **Saturnino "Bong" G. Belen**, Executive Chairman, First Asia Venture Capital Inc.
- 7) **Eric Ricaurte**, Founder & CEO, Greenview
- 8) **Ria Jareno**, Director of Operations, Chroma Hospitality
- 9) **Andrej Wisniewski**, Vice President, Raintree Hospitality
- 10) **Cyndy Tan-Jarabata**, CEO & President, Tajara Hospitality
- 11) **Laurent Bourgeois**, General Manager, Crimson Resort and Spa, Boracay
- 12) **Shi'ai Liang**, Director – Hotel Development Asia-Pacific, Marriott International, Inc.
- 13) **Francis Gotianun**, Vice President, Filinvest Hospitality
- 14) **Didier Belmonte**, General Manager, Crimson Resort and Spa, Mactan
- 15) **Kate Loh**, Director of Development, Pan Pacific Hotels Group
- 16) **Franz Duclan**, Corporate Responsibility Specialist, IHG
- 17) **Benedict Y. Que**, President, Golden Prince Hotel & Suites
- 18) **Carlo Anton B. Suarez**, General Manager, Cebu Grand Hotel and President of Hotel, Resort & Restaurant Association of Cebu, Inc. (HRRACI)
- 19) **Aaron J. Que**, Executive Vice President, Golden Prince Hotel & Suites
- 20) **Irin Ng**, Manager, Greenview
- 21) **Erwin Peter Z. Lopez**, Hotel Manager, Discovery Shores Boracay
- 22) **Christian Rome A. Garcia**, Front Office Manager, Discovery Shores Boracay

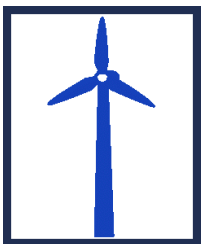
HOTEL OWNERS FOR TOMORROW

THE FIVE ACTIONS FOR BUILDING A SUSTAINABLE FUTURE



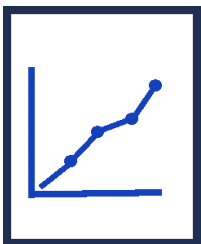
1
Incorporate sustainability from the beginning of investment decisions

- 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.

HOTEL OWNERS FOR TOMORROW

Roundtable Summary

Philippines Hotel Industry leaders from the Hotel Owners for Tomorrow (HOT) Coalition convened for the 2nd time on 23rd May 2019 in the Philippines. It was significant that this Roundtable was held in Boracay given last year's closure and re-opening to the public in November 2018 as a springboard to bring about more awareness in the topic of sustainability in the country and region. In addition to HOT, which was a closed-door session of distinguished hotel developers, owners, operators, and hotel development professionals, PHILHOST (Philippines Hospitality on Sustainable Tourism) was also launched.

PHILHOST is an inaugural full-day summit on the 24th May 2019, which convened and discussed destination situations, challenges, opportunities and best practices in sustainability. The summit had Mr. Art Boncato, Undersecretary for the Department of Tourism as the keynote speaker and it was attended by over 100. The program consisted of two interactive workshops in the morning which talked about single-use plastic and global benchmarking. The afternoon session saw a series of panel discussions, solution and destination spotlights, which included Cebu, Palawan, and Boracay.

In summary, Boracay is still recovering from the closure and everyone learned lessons from it. It is important to move forward in a positive light and every hotel needs to come forward and play a part in making Boracay and the Philippines truly sustainable. Besides the big hospitality chains with financial capability, smaller hotels and players want to make a meaningful difference too.

The session outlined two main topics which are facilitated by Francis Gotianun and Cyndy Tan Jarabata.

Engaging Hotel Developers



Francis Gotianun, Vice President for Filinvest Hospitality started the roundtable by sharing how Chroma Hospitality, owned by Filinvest Hospitality, balanced efficiency vs profitability, an important aspect for a developer/owner. Gotianun highlighted, "Sustainability makes business sense for us and we know that in the Philippines a 5% on GOP can make or break a hotel. Therefore, hotels need to be well versed and have a well-analyzed solution on what will work in the Philippines." Although sustainability actions do cost money, effort and time, it is important to recognize that green businesses make good business, in the long run financially, environmentally and socially.

Many hotel owners/developers today in the Philippines are interested in sustainability and want to understand how they can incorporate sustainability into their hotel development. At the same time, they are faced with many challenges in the Philippines. Some of the challenges that developers face

today in the Philippines, such as:

- 1) MEP/Architect consultants **lack the knowledge** of sustainability and cannot always be counted on to advise owners effectively on the topic. Therefore, owners themselves need to have a baseline understanding in order to challenge the consultant when needed.
- 2) There are **no strong ecosystems** in the Philippines that developers can tap upon as resources to provide them with sustainable choices such as renewable energy or waste management solutions.

HOTEL OWNERS FOR TOMORROW

- 3) There is no solid **understanding of global benchmarking** and owners do not know what savings or benefits that could arise from investing in a sustainable hotel.
- 4) Even if there are interested to engage a sustainability consultant, there may be a **lack of good sustainability consultants** locally to provide advice to hotels. The few available consultants could lack new ideas, knowledge of global trends and challenges in line with the market today. Shi'ai Liang, Director – Hotel Development Asia-Pacific, Marriott International, Inc commented that she would be able to share a list of consultants and their sustainability cost pricing list to the HOT attendees and they are usually affordable.

Participants reiterated the need for sharing of best practices and case studies, from both global and local hotels, who might have the financial capabilities and means to test certain initiatives and share successful case studies

Sustainability Makes Sense

“It is important to bring in sustainability right at the start of the conversation as it does bring in profit (increase ADR) in the long run.”

Kate Loh, Director of Development, Pan Pacific Hotel Group

with learnings and recommendation to other hotels. This would help to convince the owners to make a certain decision or investment. Andrej Wisniewski, Vice President, Raintree Hospitality mentioned, “Sharing of case studies from hotel out there will definitely benefit smaller owners like ours.” This was echoed by many at the roundtable include Aaron Que, Executive Vice President, Golden Prince Hotel & Suites, Carlo Suarez, General Manager, Cebu Grand Hotel and Liang.

Attendees at the Roundtable also expressed that there was a lack of publicly available data such as energy consumption and waste which would be helpful to create a baseline for the hotels to understand where they stand and the gaps that they should fill. Eric Ricaurte, Founder & CEO, Greenview reminded, “Hotels

can refer to and participate in the annual [Cornell Hotel Sustainability Benchmarking](#) (CHSB) exercise which includes over 11,000 properties across 600 geographies. This will be the place where hotels in the Philippines can participant and benchmark.” Participants expressed that data on the various types of single use plastics and eco-alternatives, the definition of overtourism, and who are some of the “certified” or trusted sustainable vendors would also be helpful for hotels to make informed choices.

Saturnino “Bong” G. Belen, Executive Chairman, First Asia Venture Capital Inc. indicated that with the help of associations, such as the Philippines Hotel Owners Association (PHOA), change can be made by hotels together. “It would be great for associations to come forward to help smaller hotels to come up with systems. For every small hotel to invest in sustainability such as water bottling machines or rainwater harvesting, it is not financially viable” emphasized James Montenegro, Country Manager, Chroma Hospitality. Gotianun added that for example big utility companies in the Philippines are offering special rates for bulk purchases and if small business can come together, it might be something viable in the long run.

Make A Change

“Ask ourselves where our biggest opportunities are and where do hotels owners want to focus on.... The most powerful change will come when we can put both finance and our hearts together.”

Francis Gotianun,
Vice President, Filinvest Hospitality

HOTEL OWNERS FOR TOMORROW

Besides PHOA, other associations who would be able to support include HRRACI (Hotel, Resorts, Restaurants Association of Cebu Inc.), BFI (Boracay Foundation Incorporated), and the Business Chamber of Commerce, including PCCI (Philippines Chamber of Commerce & Industry) and Rotary Clubs.

Wisniewski commented, “We all know it is more expensive to build a hotel in Boracay than in Europe, yet hotels here do not enjoy the ADR that European hotels enjoy.” Liang added, “As a hotel tries to build in more remote places and off-the-beaten-track, it gets more expensive to build and maintain but yet the ADR just goes downhill due to lack of accessibility for guests.” This is the case in the Philippines because of:

- 1) **High logistics cost:** Everything is imported onto the island due to lack of resources.
- 2) **High utility costs:** The Philippines have one of the highest utility costs in the region with a lack of government subsidies.
- 3) **Lack of local vendors:** There is a lack of good, readily available vendors locally. This means hotels must purchase from overseas sources. Even if bigger brands out there have a local office, the required stocks are usually not available or take a long time to be purchased and delivered.

To that point, sustainability does make a lot of business sense in this case because this ensures long term stability for the company. Thus, everyone must keep pushing the boundaries and embedding sustainability into current hotel systems or standards. In both Pan Pacific Group and Marriott International, sustainability is part of the design MEP standards as an option for hotel owners to consider and in the case of Filinvest Hospitality, the mandate had always been to use good quality and locally sourced materials for new construction and renovation, whenever possible and available.

HOTEL OWNERS FOR TOMORROW

The Boracay Effect



“The closure of Boracay hit the world. It came as a shock to many and you realized that a world-class destination can be closed down.” said Cyndy Tan Jarabata, CEO & President of Tajara Hospitality. It is important to learn our lessons from the closure but more importantly, work hand in hand to continue to support each other and move forward as a destination. We as business owners or residents of other islands also want to be proactive in making sure the same thing does not happen in other destinations. The question is how do we do it?

Tan Jarabata brainstormed with the participants to come up with a list of suggestions and workable ideas for the different stakeholders:

Hotel Owner / Developer Level

- **Communication is key.** Tan Jarabata believes in communication between both the public and private sector. Only when public–private partnerships are formed and strengthened, can a long term effect take place.
- **Encourage the private sector to come together to make a collective impact and share resources.** Montenegro said, “It is important to have a network of sustainability people in the Philippines. There is so much more we can do. We need to come together to come up with collective solutions such as water bottling machines or rainwater harvesting. It does not make financial sense for small hotels to invest individually.”
- **For the hotel owner and developers to put out some form of documentation, in order to encourage other businesses and hotels to be more sustainable.** Tan Jarabata suggested, “We want to put out the documentation for the private sector to move forward with. The documentation is not a petition but will form a guideline for businesses to follow.”
- **To seek available funding.** Montenegro mentioned, “There could be available funding out there from the government or organizations such as the European Union (EU). We need to actively learn about what’s available out there in the market.”
- **Using locally sourced materials and products for renovations and new builds.** Tan Jarabata commented that many materials are currently sourced from Thailand and China. There is just a lack of local vendors who can produce quality products. It would be useful to share a local vendors’ list in the future.

Hotel Operator Level

- **Hotels need to start engaging their employees with educational programs and sustainability information.** This is also in line with the belief that employees are part of the community and will bring home what they have learned to their family members. Laurent Bourgeois, General Manager, Crimson Resort and Spa, Boracay mentioned, “Basic information such as electricity in Boracay comes from burning crude oil in Caticlan should be communicated to employees as these are basic information for them to learn and they might not be aware of it. This information will also bring along an important environmental message to the employees.”

HOTEL OWNERS FOR TOMORROW

- **Constant communication with employees on why sustainability is important, how it will impact them and their family.** Michael Gapin, General Manager, Quest Plus Conference Center – Clark mentioned, “As a hotel operator, we must continue to drive initiatives to engage all employees.” This is echoed by many other including Franz Duclan, Corporate Responsibility Specialist, IHG and Erwin Peter Z. Lopez, Hotel Manager, Discovery Shores Boracay. Pedrovic U. Gonzales, General Manager, The Tides Hotel Boracay added, “Educating employees the importance of the cleanup from the port to the destination is also vital as it makes a difference to how guests feel about the destination.”
- **Constantly reviewing to make positive changes no matter how small.** This includes eliminating straws or using biodegradable straws, glass bottles, biodegradable coffee capsules, and more. Bourgeois shared, “On average, guests at Crimson Resort and Spa, Boracay consumes 150,000 capsules per year which is a significant number for one hotel.”

Others

- **Government initiatives to support sustainability.** An example mentioned by Gerhard Doll, General Manager of Crimson Hotel, Manila would be the Thai Royal Project which allowed poppy seed farmers to learn more about other types of agricultural techniques and this initiative allowed farmers to earn a good living for themselves and for the country to develop itself into a world-class organic food distributor today.
- **Government initiatives to incentivize sustainable business.** Ria Jareno, Director of Operations, Chroma Hospitality hopes for any form of incentive to motivate people and businesses to keep up with sustainable efforts. If there are none, businesses might not be motivated to invest in sustainable initiatives or equipment as business costs would be higher.
- **Documentation of sustainability efforts or challenges.** Bourgeois talked about the closure of Boracay affecting all locals and potentially impacting many for a lifetime. Some parents lost their businesses overnight or had to sell them in order to continue sending their children to school. Benedict Y. Que, President, Golden Prince Hotel & Suites commented that he wished there was documentation of such figures and stories in order to tell a compelling argument to other destinations such as Cebu on why sustainability is important. Gotianun reiterated that there is currently no baseline numbers such as for waste to allow the hotel to understand the depth of the challenges and for businesses to benchmark against.

Incentivize Responsible Businesses

“It was heartbreaking. Every hotel was penalized during the Boracay closure, but what about the hotels who complied? We need rewards to incentivize responsible businesses.”

Ria Jareno, Director of Operations,
Chroma Hospitality

Boracay’s closure continued to be a wake-up call to many in the Philippines and globally. Many attendees commented that their hotels and many people became more aware and engaged in various environmental practices such as waste management. To make a systemic change moving forward, it will take many like-minded parties to come together to drive it. At the HOT Roundtable, it was encouraging to have owner representation from Cebu, Manila, Batangas and Boracay in the Philippines.

HOTEL OWNERS FOR TOMORROW

Advancing the Coalition

Participants know that collaboration is key in order to make a change. This means engaging multiple stakeholders including hotel associations, hotel owner associations, chamber of commerce, the private sector and the local community.

Participants offered numerous suggestions for improving the HOT coalition and spreading the word.

1. More **case studies**. Case studies on how sustainability can support cost savings measures and increase value to assets would be important and useful for engaging owners.
2. Sharing of **vendor list** for the Philippines.
3. Sharing of more **benchmarking data** and **sustainability information**.
4. Bringing more **owners/developers into the discussion for HOT** will allow better understanding by the owners/developers themselves.
5. **Activating local hotel associations** across the Philippines to work on sustainability committees, discussions, and programs.

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 Supporters can **join by signing a commitment form** found here: <http://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

COALITION MEMBERS (As of 27 June 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
Nikoi Island
Pro-invest Group
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

SUPPORTERS

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

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