



Considerations for building owners

Introduction

The industry has a complex value chain, with a mix of building owners, operating companies and hotel brands, all of whom need to be engaged. Whilst there are numerous large global hotel brands, the majority of hotels are managed by small chains, or are entirely independent.

In order for the industry to progress as rapidly and strategically as possible, there is a strong need for collaboration between the various stakeholders involved.

Asset/building owners need to take a slightly different approach to operators and brands and should embed the Pathway across all stages of the asset ownership lifecycle, including in:

- a) Market/Site Evaluation
- b) Due Diligence
- c) Building Design
- d) Construction
- e) Capital Improvement Planning
- f) Ongoing Monitoring and Improvement

Considerations for these topics vary for:

- New builds (page 2)
- Building purchases (page 3)
- Buildings in operation (page 3)
- Major renovations (page 6)

New builds

Market / Site evaluation

- Carry out an environmental impact and risk assessment as part of design and build process which includes climate and water risks as well as biodiversity impacts. (See the section on [conducting risk assessments](#))
- Avoid altering water courses, catchments or wetlands, and consider potential impacts on local community access to water.
- Avoid displacement of people and ensure that issues relating to land rights and indigenous people have been checked for.
- Avoid displacement of species and damage to habitats, mitigating where needed.
- Where possible, prioritise development in brownfield (rather than greenfield) sites.
- Consider proximity to mass transit, rental bicycles, and walkability opportunities.
- Review the capacity of destination and its infrastructure to incorporate a hotel.
- Review legislation related to the building (e.g. minimum efficiency requirements, water permits, accessibility standards, required reporting etc.).

Building design and construction

- Carry out due diligence of the construction company to ensure they have policies and initiatives in place to respect human rights and ensure ethical labour practices are followed.
- Include adaptation to climate scenarios and local water conditions in design plans.
- Incorporate circular economy principles into building design.
- Use local materials, practices and crafts where practicable and appropriate.
- Design loading docks in an accessible place for collection, with adequate space for sorting waste diversion streams.
- Ensure waste sorting space and facilities (including for food and organic waste) are included in design of hotels.
- Include biodiversity protection and net gain in building design.
- Quantify and aim to reduce carbon emissions from every stage of the building's life cycle including emissions embodied in building materials and those related to demolition and disposal.



- Include consideration of metering and sub-metering systems in building design and consider installing a Building Management System.
- Set minimum sustainability design criteria e.g., low carbon and energy/water efficient equipment installed as standard in build.
- Use passive design techniques to reduce heating, cooling and lighting requirements.
- Minimise waste from construction of hotels and ensure it's disposed of in a responsible way.
- Where possible, prioritise construction materials of high recycled content, those certified with ecolabels, or carbon negative materials such as harvested wood/bamboo, low-carbon bricks, green concrete, green tiles).
- Explore environmental building [certifications](#) such as LEED and BREEAM – these can help guide plans and, if achieved, can be used in communications with stakeholders. Liaise with operator to coordinate efforts.
- Review and incorporate any requirements of environmental legislation.

Building purchases

Due Diligence

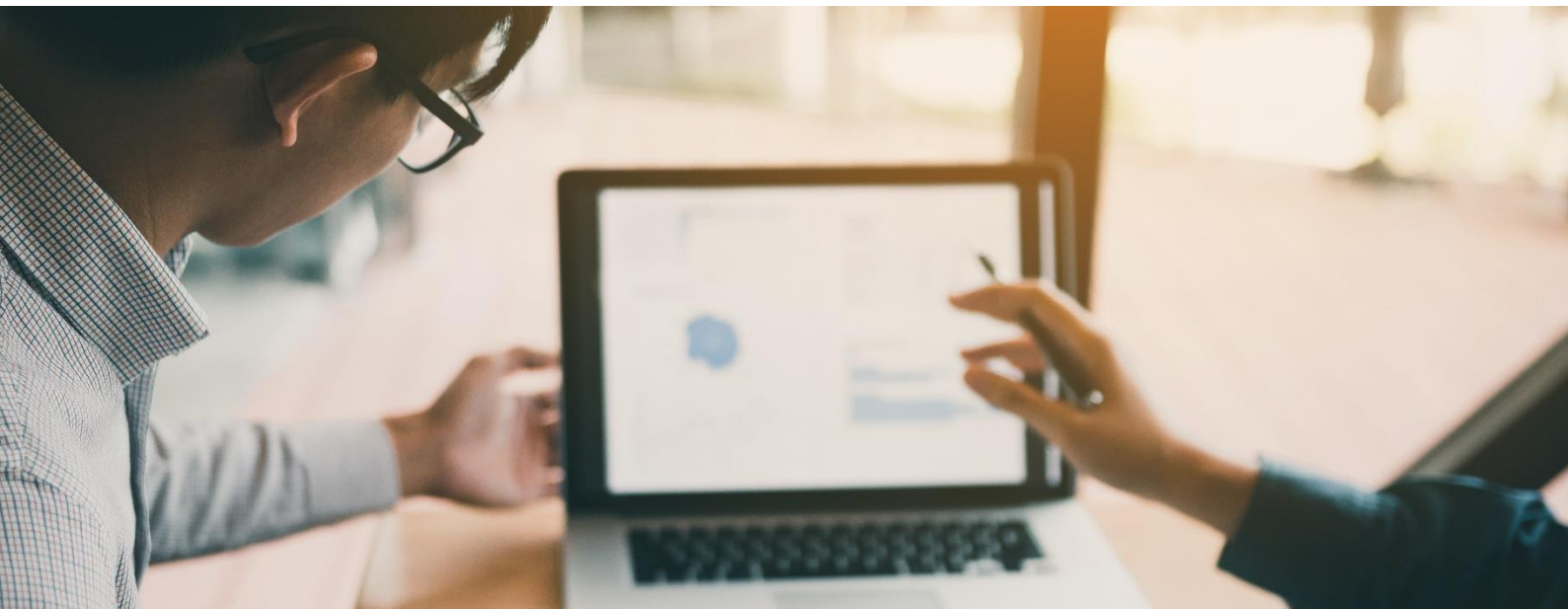
- Conduct or request an energy performance review (e.g. an Energy Performance Certificate) and review if the building meets any legal requirements for energy efficiency (such as the EU Minimum Energy Efficiency Standards).
- Determine whether the building already has sub-metering and a Building Management System (and, if not, whether it's possible to install at a later date).
- Determine the level of investment needed to decarbonise the building.
- Assess whether the building is adapted for the most likely risks of climate change.
- Carry out an environmental impact and risk assessment to determine the impact of a hotel building in the location. This should include climate and water risks as well as biodiversity impacts. This is particularly important when changing the use of a current building to become a hotel. (See the section on [conducting risk assessments](#))

Buildings in operation

Operator engagement

- Include a review of sustainability strategies and commitments in the due diligence done when deciding on a management company to work with. This should include a commitment on reducing carbon, water and waste, respecting human rights and implementing ethical labour practices.
- Review lease agreements to see if a requirement to provide data can be added.
- Offer guidance and support to hotels in the portfolio to develop their own action plans, and liaise with the hotel operating company (where relevant) to align plans.
- Review lease agreements for the potential to add green clauses or create a sustainability MOU for how the property will be managed. This can include things like:
 - An expectation for sharing of data on energy and water consumption as well as waste production.

- An agreement that both parties will cooperate on sustainability matters.
- A clarification of who is responsible for which aspects of the sustainability of the building.
- Efficiency standards that must be met with any refurbishments carried out by either the owner or operator.
- That any environmental improvements paid for by the operator will not lead to an increase in leasing costs but that any improvements paid for by the owner can be considered upon lease renewal.
- That operators may get reduced leasing costs if they meet certain efficiency targets.



Ongoing Monitoring and Improvement

- Set up a monitoring system to track all environmental data in one location and monitor progress.
- Track energy and water consumption within the building and use benchmarking indexes (such as [GRESB](#)) to benchmark carbon, water and waste performance of the portfolio of assets.
- Gather data and calculate Scope 1 and 2 emissions. Gain an understanding of Scope 3 emissions sources and create a plan for how to gather data. The [Net Zero Methodology for Hotels](#) explains what should be included in Scope 1, 2 and 3 boundaries.
- Set targets for the portfolio of hotel assets.
 - Longer-term reduction targets (e.g. targets spanning 5 or 10 years) provide an overarching sense of direction. However, it's important that regular (e.g. annual) milestones are set to help gauge continual progress.
 - The [Net Zero Methodology for Hotels](#) explains what makes a robust baseline and target for Scope 1 and 2 carbon goals.
 - Make sure to set strong targets for issues which came up as high risk in the environmental risk mapping to help mitigate these risks.

- Section 1.5 of [Environmental Management for Hotels](#) has more information on setting targets.
- Make plans to further improve management of energy and water through increased efficiency of the building structure and equipment.
- Where you are responsible for the building fabric or equipment, ensure that regular maintenance is carried out to increase longevity and maintain efficiency.
- Carry out a review of the potential for on-site renewables. On-site renewables are particularly relevant for hotels located in areas of poor energy and/or water security.

Capital Improvement Planning

- Review the potential for retrofitting equipment outside of planned refurbishments.
- Consider the full cost benefit analysis of different projects available to you – you may see larger long-term benefits by investing a large amount in one project than you would see in investing in several smaller projects (or vice versa).
- Create a business case for actions and share with decision makers for approval. Include:
 - Financial investment
 - Expected savings
 - Payback period
 - Other potential benefits (e.g., compliance with legislation, increased attractiveness to investors)
- Section 2.5 of [Environmental Management for Hotels](#) can help to evaluate capital investment.
- Consider different options for funding large-scale projects. See the [guide to financing net positive hospitality](#) for more information.
- Remember to monitor the success of your investments to take learnings and as evidence for any future project requests.

Reporting

- Inform investors of performance and activities.
 - Ensure communications are accurate and transparent.
 - Include information like KPIs, percentage reductions and key environmental initiatives implemented.
 - Use investor review meetings to share information.
- Publicly report progress against company targets on an annual basis.
 - Reporting should be aligned with external standards (such as [TCFD](#) recommendations, [GRI](#) and [SASB](#)).
 - Progress can be shared on the company website, in annual company/Corporate responsibility reports and/or via reporting schemes such as [CDP](#) or [GRESB](#).

Major Renovations

- Minimise waste from renovations and identify opportunities for re-use or repurposing, or ensure it's disposed of in a responsible way.
- Include adaptation to climate scenarios and local water conditions in design plans.
- Incorporate circular economy principles into building design.
- Use local materials, practices and crafts where practicable and appropriate.
- Where possible, prioritise construction materials of high recycled content, those certified with ecolabels, or carbon negative materials such as harvested wood/bamboo, low-carbon bricks, green concrete, green tiles).
- Include biodiversity protection and net gain in building design.
- Quantify and aim to reduce carbon emissions from every stage of the building's life cycle including emissions embodied in building materials and those related to demolition and disposal.
- Include consideration of metering and sub-metering systems in building design.
- Set minimum sustainability design criteria e.g., low carbon and energy/water efficient equipment installed as standard in build and determine if any efficiency upgrades can be incorporated.
- Explore environmental building [certifications](#) such as LEED and BREEAM – these can help guide plans and, if achieved, can be used in communications with stakeholders. Liaise with operator to coordinate efforts.





Conducting risk assessments

- This can be incorporated into existing company risk management processes.
- Local knowledge, freely available risk indices (such as [Destination Water Risk Index](#), [WWF Water Risk Filter](#) and [Aqueduct Resources](#)) and bespoke services can help with this. There may also be relevant information in any Environmental Impact Assessments carried out when the building was developed (often provided when a building is purchased).
- Include risks related to natural disasters, climate and water. Include biodiversity risks where possible.
- Set up a process to ensure this is done on a regular basis e.g., once every one or two years.
- Identify locally important wildlife and natural environments, related issues and how the building might interact with and impact on local [biodiversity](#).
 - Check with local municipalities, wildlife groups and destination management organisations.
 - The Convention on Biological Diversity has [country profiles](#) which can help identify key issues and national plans.
 - You should consider:
 - Use of land and resources for hotel construction and maintenance.
 - Potential disruption to wild species and their habitats.
 - Water usage.
 - Diversion or degradation of natural water sources (e.g., caused by infrastructure).
 - Waste generation (e.g., solid waste, waste-water).
 - Generation of greenhouse gases (e.g., through transportation).
 - [Get Nature Positive](#) has some information about the key impacts tourism can have on nature.

Resources

Design and construction

- [Sustainable Hotel Siting, Design and Construction](#) covers each phase of the hotel development process and offers comprehensive analysis and tangible actions for planners, investors, owners, developers and architects.
- Factsheet on [certifications](#) including building certifications such as LEED and BREEAM.
- The [EDGE software](#) can be used to assessing the impact of including more sustainable options in the design of a building.
- [Building Material Scout](#) can help find more sustainable building materials.
- [Project Life Cycle](#) explains how to take a life cycle view for new hotels.
- [Building and operating biodiversity-friendly hotels](#) contains guidance on how to incorporate biodiversity considerations when designing a hotel.
- [The Routemap for Zero Avoidable Waste in Construction](#) contains detailed guidance on steps that can be taken to design out avoidable waste.
- [Biodiversity Net Gain Toolkit](#) is a guide to Biodiversity Net Gain which outlines what it is and how to calculate it, demonstrating why it is a 'win-win' proposition for the environment and for developers.
- [Embodied Carbon in Construction Calculator](#) is a free database of construction EPDs and matching building impact calculator for use in design and material procurement.

Benchmarking and reporting

- The [Net Zero Methodology for Hotels](#) explains what should be included in Scope 1, 2 and 3 boundaries as well as what makes a robust baseline and target for carbon goals.
- The Alliance has guidance on reporting in line with [TCFD](#) and [CSRD](#).
- [GRESB](#) is an independent organization providing validated ESG performance data and peer benchmarks for investors and managers to improve business intelligence, industry engagement and decision-making.
- [SASB Standards](#) which identify the subset of environmental, social, and governance issues most relevant to financial performance in different industries. Owners should use the Real Estate Standard (select Infrastructure > Real Estate) instead of or in combination with Hotels & Lodging Standard (select Service > Hotels & Lodging).

Risk assessment

- [Destination Water Risk Index](#) rates destinations around the world in terms of high to low risk, in a bid to prioritise action within the hospitality sector on destinations facing high water-related risks (including water scarcity) and to future-proof the industry.

Finance and investment

- [Investment Readiness Toolkit](#) is an online and interactive framework that takes nature-based project developers and enterprises along the eight milestones of a path to 'Investment Readiness', providing key considerations and case studies.
- The [Guide to Financing Net Positive Hospitality](#) outlines some of the options available to finance sustainability initiatives.