



Sustainable
Hospitality
Alliance



IFC

International
Finance Corporation
WORLD BANK GROUP

Creating Markets, Creating Opportunities

UNLOCKING INVESTMENTS FOR GREEN & RESILIENT HOTELS

Webinar 1 – April 2023



ABOUT THIS WEBINAR



**Sustainable
Hospitality
Alliance**



IFC

**International
Finance Corporation**
WORLD BANK GROUP

Creating Markets, Creating Opportunities

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- 3 

Webinar Series:

April 6

Today's Kick Off

April 27

Introduction to EDGE for Hotels

May 18

Risk and Resilience in the Built Environment

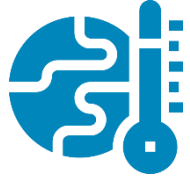


Webinars will be recorded



Presentation and recording shared on the landing site

TODAY'S LEARNING OBJECTIVES



- Importance of climate-proofing hotels



- Business case for green and resilient hotels



- Tools offered by Sustainable Hospitality Alliance



- IFC's solutions for the hotel industry

Using our collective power across the value chain to deliver impact locally and on a global scale



7 million
rooms

50,000
hotels

CEOs
and C-Suite

Strategic partners



Knowledge partners



Supplier partners



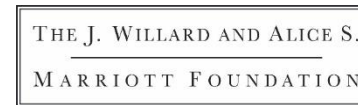
Delivery partners



Sightsavers

TENT

Funding partners



Implementing partners



Responsible hospitality for a better world

NetPositiveHospitality



Prosperity
Ensuring economic
successes and
opportunities benefit all



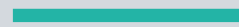
Planet
Replenishing resources
and restoring biodiversity
for a thriving natural world



Place
Working in harmony
with our communities
and habitats



People
Respecting and
enriching the lives
of all our people



Tourism and climate change

Hospitality's impact on the environment



1%
total global carbon
emissions come from
hospitality industry



3x more
coral damage and disease
at sites with high tourist
use



8x more
water per person used
by tourism than local
population in some
locations



18%
of food bought by
hospitality and food service
industry is wasted annually

Why should this matter to hospitality?



Climate change



Water insecurity



Waste & pollution



Biodiversity loss

The business case for sustainable hotels



Boost profit margins through utility savings



Increase revenue through satisfying consumer preference



Future proof investment strategies



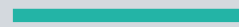
Regulatory risks and benefits



Increase value through certification



Ensure a long-term energy supply



The industry response

Making commitments



Glasgow Declaration
Climate Action in Tourism

Industry commitments



Net zero
by 2050



Net zero
by 2050



Carbon neutral
by 2050



75%
by 2030



27.5%
by 2030



Carbon neutral
by 2030



46%
by 2030



Net zero
by 2050



Net zero
by 2050



50%
by 2030



**Already
carbon neutral**



Net zero
by 2040

** Direct comparison isn't representative as many of these have different baseline years*

Pathway to NetPositiveHospitality



Environmental

- Resource use and pollution
- Protection and regeneration of nature

Social




- Fairness in the workplace
- Equitable and better opportunities
- Community partnerships and support
- Customer welfare

Governance






- Stakeholder engagement
- Management and compliance
- Commitments and reporting

NetPositiveHospitality framework








Environment

Topic	Categories	Ps	Stage 1: Measure and reduce impact	Stage 2: Minimise negative impact	Stage 3: Achieve net zero leaving no-one behind	Stage 4: Give back more than you take
Resource use and pollution	Water	 	<p>Policy is in place, initial measurements done and data collected.</p> <ul style="list-style-type: none"> Water consumption are measured and regular benchmarking is established. Possible sources of pollution are assessed. Initial water reduction target has been set. Possible water-related risks and initiatives have been investigated, a long-term created and immediate solutions initiatives have been implemented. A linen reuse policy that hotel operators to develop implement a linen reuse programme is in place. 	<p>Implementation of the policy.</p> <ul style="list-style-type: none"> Water risk has been assessed and documented. Where water risk has been assessed as high, water stewardship goals have been determined. 	<p>Introduction of innovative solutions.</p> <ul style="list-style-type: none"> Wastewater is managed in a sustainable way to ensure no adverse effects on the local population and the environment. New water-related solutions and initiatives have been investigated. 	<p>Support of replenishment solutions on regional level.</p> <ul style="list-style-type: none"> New water-related solutions and initiatives have been investigated and regenerative solutions and innovative initiatives have been invested in and implemented.
	Use of materials		<p>Measurement of material streams and definition of the most significant material:</p> <ul style="list-style-type: none"> A list of all material streams within operation: point out which are the most significant is available on level (examples of waste include organic waste, plastic, etc). Responsible procurement has been created. A no-single use policy for development and implementation of a programme to eliminate single-use products is in place. Single-use plastic straws are used, no single-use bottles are used, no single-use toiletries are used. 			

Social

Topic	Categories	Ps	Stage 1: Measure and reduce impact	Stage 2: Minimise negative impact	Stage 3: Achieve net zero leaving no-one behind	Stage 4: Give back more than you take
Fairness in the workplace	Human rights	 	<p>Reduction in breach of human rights - policy commitment and due diligence.</p> <ul style="list-style-type: none"> The organisation has a documented policy against commercial, sexual or any other form of exploitation, particularly of children, adolescents, women, minorities, migrant, contract and temporary labour and other vulnerable groups. Public commitment to respect the human rights of workers. Human rights risks and impacts have been identified and assessed. Staff in relevant departments have been trained on ethical recruitment, sex trafficking and grievance mechanism. Immediate ethical recruitment, sex trafficking risks are mitigated. 	<p>Human rights standards being met - embedding respect.</p> <ul style="list-style-type: none"> An ethical recruitment plan is developed and a Human rights policy is implemented in business. Action is taken and implemented. Records of impacts are kept in form of an ILO (International Organization for Labour) - brand level. Tier 1 supported ethical recruitment and fund a employee. Safe medical labour fee reporting. Procurement supplier diversity certification supported. 	<p>Human rights promoted across value chain - embedding respect.</p> <ul style="list-style-type: none"> The policy against exploitation and harassment has been implemented. 	<p>Influencing public policy on worker rights - remedy and reporting.</p> <ul style="list-style-type: none"> The organisation supports action against sex trafficking.
	Labour practices	  	<p>Reduction in breach of labour standards (ILO (International Labour Organization)) - brand level.</p> <ul style="list-style-type: none"> The organisation demonstrates awareness of, and compliance with, international labour standards and regulations. Wage levels are monitored and regularly reviewed against national norms for a living wage. Health and safety fundamentals are assessed, monitored, and an improvement plan drafted. 	<p>Prioritised fair promote dignity being achieved.</p> <ul style="list-style-type: none"> Priority are endorsed. Water, safety facilities a workers. Employee monitored. An employee mechanism. 		

Governance

Topic	Categories	Ps	Stage 1: Measure and reduce impact	Stage 2: Minimise negative impact	Stage 3: Achieve net zero leaving no-one behind	Stage 4: Give back more than you take
Net Positive Governance	Stakeholder engagement	  	<p>Development of policy regarding staff engagement with sustainability management.</p> <ul style="list-style-type: none"> Ways to motivate guests and business partners to partake in the hotel's sustainability efforts have been identified. Sustainability related trainings for staff to raise their awareness of their contribution to the effectiveness of the sustainability management system have been conducted. Records of staff-training courses and on-the-job training with attendance levels are available. Evidence is available of staff involvement with the sustainability management system. Environmental and social information is included in customer communications. Key stakeholders have been mapped. 	<p>Engagement of local stakeholders.</p> <ul style="list-style-type: none"> Potential partner organisations (e.g. charities, NGOs, social enterprises, etc.) have been assessed on their suitability and reliability prior to partnership. Local stakeholders are engaged with to understand materiality and align plans. A feedback mechanism exists for key stakeholders (e.g. guests, suppliers, business partners and local community) to comment on environmental and social initiatives is provided. Environmental and social considerations are included in meeting and event offerings. 	<p>Increased stakeholder engagement</p> <ul style="list-style-type: none"> Local stakeholders are actively engaged in environmental and social initiatives. Sector-wide sustainability groups (e.g. Sustainable Hospitality Alliance) have been joined. Opportunities for customers to engage in environmental and social initiatives are in place. Staff training and guidance materials are available in accessible format (including use of minority languages where needed). 	<p>Encourage sustainable practices in the ecosystem.</p> <ul style="list-style-type: none"> Initiatives to support suppliers to become more environmentally and socially sustainable are in place. Partnerships across the tourism ecosystem and beyond are in place. Initiatives to advocate for sustainable development of destinations and the wider industry are in place. Key staff hold certificates and qualifications in relevant disciplines/skills.
	Management and compliance	   	<p>Setting efficient governance policies and systems.</p> <ul style="list-style-type: none"> Various Sustainability Management Systems (SMS) are reviewed and assessed. An up to date list of all applicable legal requirements is maintained. Key team members with environmental and social responsibility have been identified. A governance structure which includes senior leadership ownership is in place. Current procurement policies have been reviewed and the level of environmental and social inclusion mapped. 	<p>Introduction of a sustainability management system (SMS) and process definition.</p> <ul style="list-style-type: none"> The organisation has implemented a long-term sustainability management system that is suitable to its size and scope. The SMS covers environmental, social, cultural, economic, quality, human rights, health and safety issues. The SMS includes a process for monitoring continuous improvement in sustainability performance. The organisation is in compliance with all applicable local, national and international legislation and regulations including, among others, health, safety, labour and environmental aspects. 	<p>Value chain involvement expanded.</p> <ul style="list-style-type: none"> Top management reviews progress towards sustainability targets and evaluates the effectiveness of action plans through the group designated for overseeing the SMS (Sustainability Management System). Risk factors (including climate change, natural phenomena, and visitor safety) have been assessed and addressed. An impact assessment (including cumulative impacts) has been undertaken and documented as appropriate. Internal financial metrics have been assigned to impacts e.g. shadow price for water and internal cost of carbon. 	<p>Introduction of innovative solutions that can be applied to the ecosystem.</p> <ul style="list-style-type: none"> A feedback collection system considering customer satisfaction, employee feedback, grievance reporting and whistle blowing is in place. Procurement processes have been updated to make environmental and social considerations a key determining factor of decision making. Future-orientated technologies are actively supported through procurement processes. The effectiveness of measures is verified (e.g. dams) through an external assessor.

Responsible hospitality for a better world

Sustainable Hospitality Alliance is a registered charity in England and Wales (1188731)
Company limited by guarantee (12373950)





GREENING REAL ESTATE INVESTMENT PORTFOLIOS (GRIP)

IFC'S 'ONE-STOP' SOLUTION TO DEFINE AND
FINANCE GREEN TRANSITIONS

1



ABOUT IFC

INTRODUCING IFC – INTERNATIONAL FINANCE CORPORATION



IBRD International Bank for Reconstruction and Development	IDA International Development Association	IFC International Finance Corporation	MIGA Multilateral Investment Guarantee Agency	ICSID International Centre for Settlement of Investment Disputes
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Loans to middle-income and creditworthy low-income country governments

Interest-free loans and grants to governments of poorest countries

Solutions in private-sector development

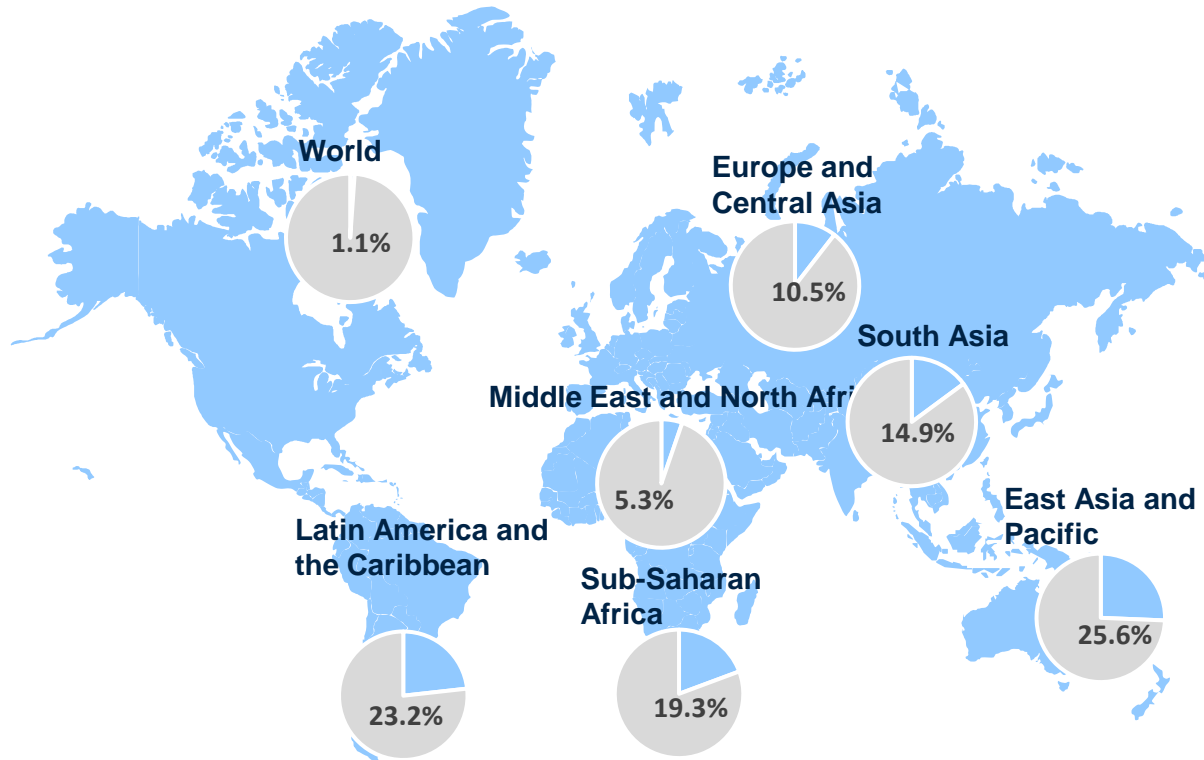
Guarantees for foreign direct investment's non-commercial risks

Conciliation and arbitration of investment disputes



IFC'S HAS INVESTED US \$3.2 BILLION+ IN 335 HOTEL PROJECTS IN 95 COUNTRIES

CUMULATIVE INVESTMENT BY GEOGRAPHY



Note: Data as of June 30, 2022

TYPES OF HOTELS FINANCED

- ✓ Business hotels
- ✓ Budget chains
- ✓ Resorts and Eco-lodges
- ✓ Mixed-use developments
- ✓ Serviced apartments
- ✓ New construction and retrofits

PARTNERSHIPS

- ✓ Leading international investors, such as investment funds
- ✓ Major hotel developers and operators
- ✓ Local investors under management
- ✓ Franchise contracts with leading hotel brands

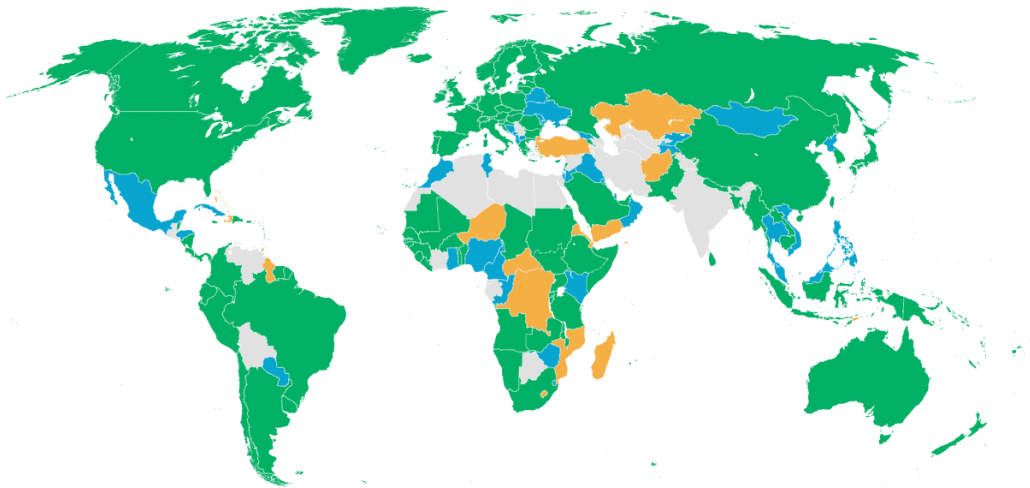
2



THE CLIMATE REVOLUTION

MORE THAN 70 COUNTRIES AND 700 CITIES HAVE SET A NET-ZERO TARGET, WHICH WILL SHAPE POLICIES AND BUSINESS ENVIRONMENT IN THE COMING YEARS

Over 70 countries have committed to net zero¹ targets



- Net-zero commitment
- Net-zero commitment and new/updated NDC
- New or updated NDC³

SELECTED COUNTRY COMMITMENTS



South Africa

South Africa's cabinet approved the Low Emissions Development Strategy which outlines the country's goal to reach net zero GHG² emissions by 2050



Vietnam

Vietnam committed to achieving net zero emissions by 2050 in 2021 with the net zero target being enshrined in law in July 2022



*Increasing climate ambitions from cities and subnational governments should give countries the impetus to pursue mid- and long-term emissions reductions, and **ultimately deliver the promise of the Paris Agreement.***

Nigel Topping, UK High Level Climate Champion for COP26

¹ Net zero means "cutting greenhouse gas emissions to as close to zero as possible, with any remaining emissions re-absorbed from the atmosphere"; ² Greenhouse gas; ³ An NDC, or Nationally Determined Contribution, is a climate action plan set by a country to reduce emissions and adapt to climate impacts
Source: UN Climate Action; Climate Action Tracker; C40 cities

THE UN-CONVENED NET-ZERO ASSET OWNER ALLIANCE CONSISTS OF 74 INSTITUTIONAL INVESTORS WITH US\$10.6 TRILLION ASSETS UNDER MANAGEMENT



We place sustainability at the core of everything we do. Dovetailing our financing efforts with our [ESG¹] efforts further affirms our commitment towards responsible growth. To date, CLAS has raised about S\$450 million through sustainable financing. CLAS continues to collaborate with like-minded stakeholders in the financing and investment community to fight climate change through our collective efforts. Currently, 35% of CLAS' portfolio is green-certified and we remain on track to green 50% of our portfolio by 2025 and our entire portfolio by 2030.

Serena Teo, Chief Executive Officer, CapitaLand Ascott Trust Management Limited

SELECTED COMMITMENTS BY INVESTORS AND ASSET OWNERS

Brookfield Properties

100% of the new developments are being built according to LEED® Gold standards, to proactively address greenhouse gas emissions, energy efficiency, water use, indoor air quality, and other impacts.

CapitaLand

Reduce carbon emissions intensity by 78% and energy consumption intensity by 35% relative to the 2008 baseline by 2030 and increase the proportion of total electricity consumption from renewables to 35%

Allianz 

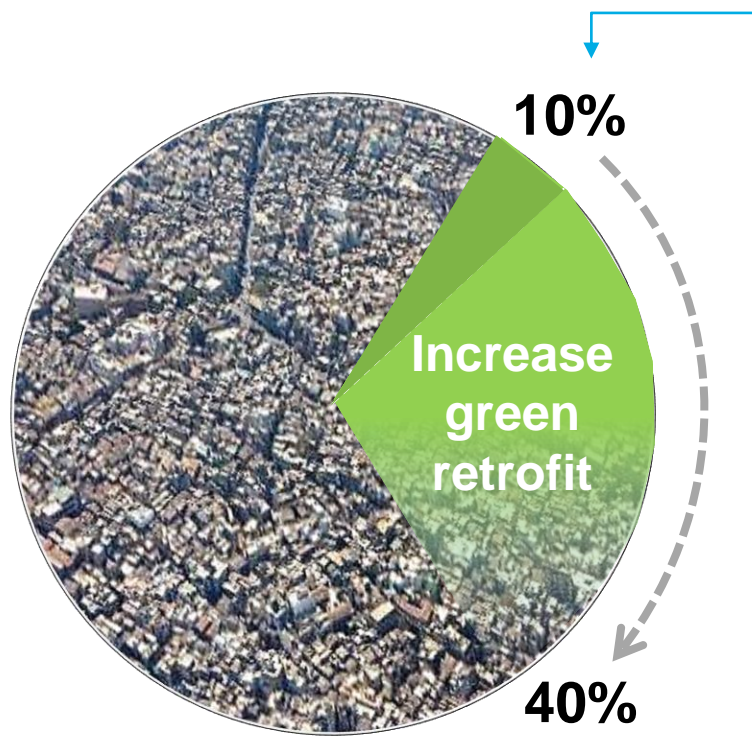
Carbon neutral by 2050 with an initial milestone of reducing the carbon footprint of Allianz Real Estate's global portfolio by 25% by 2025

 **CDPQ**

Carbon neutral portfolio by 2050 and decrease the carbon intensity of the portfolio by 60% compared to 2017 by 2030

¹ Environmental, social and governance
Source: Corporate Websites

DESPITE ALL THE COMMITMENTS, ONLY 10% OF BUILDINGS ARE LIKELY TO BE REFURBISHED BY 2030



The current rate of retrofitting of buildings is slow and not green

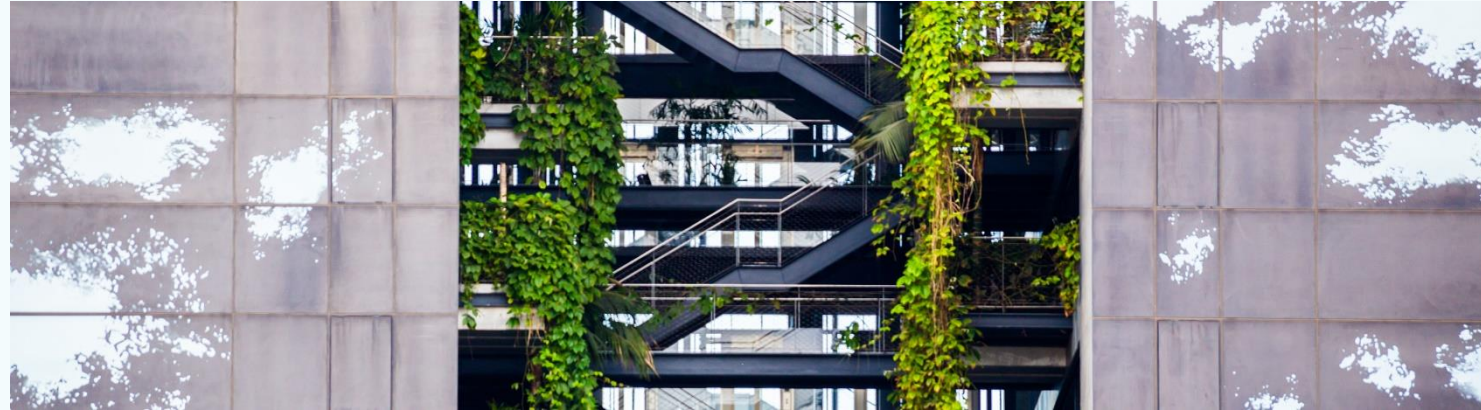
At the current rate only 10% of buildings are likely to get refurbished by 2030

Global Opportunity

- \$1 Trillion investment opportunity
- 25 Million jobs creation potential
- 1 Billion tons of GHG emission reduction potential



3



UNDERSTANDING GREEN BUILDINGS AND NET-ZERO PATHWAYS

GREEN BUILDINGS AND REPORTING STANDARDS FOR FINANCIAL INSTITUTIONS

Finance Standards



Reporting Standards



CERTIFIED GREEN

Verified by a third party, using internationally recognized certification standards



BETTER PERFORMANCE COMPARED TO BASELINE

Quantifiable approach to building design and operations



IMPACT REPORTING

Able to report energy, water, and GHG impacts

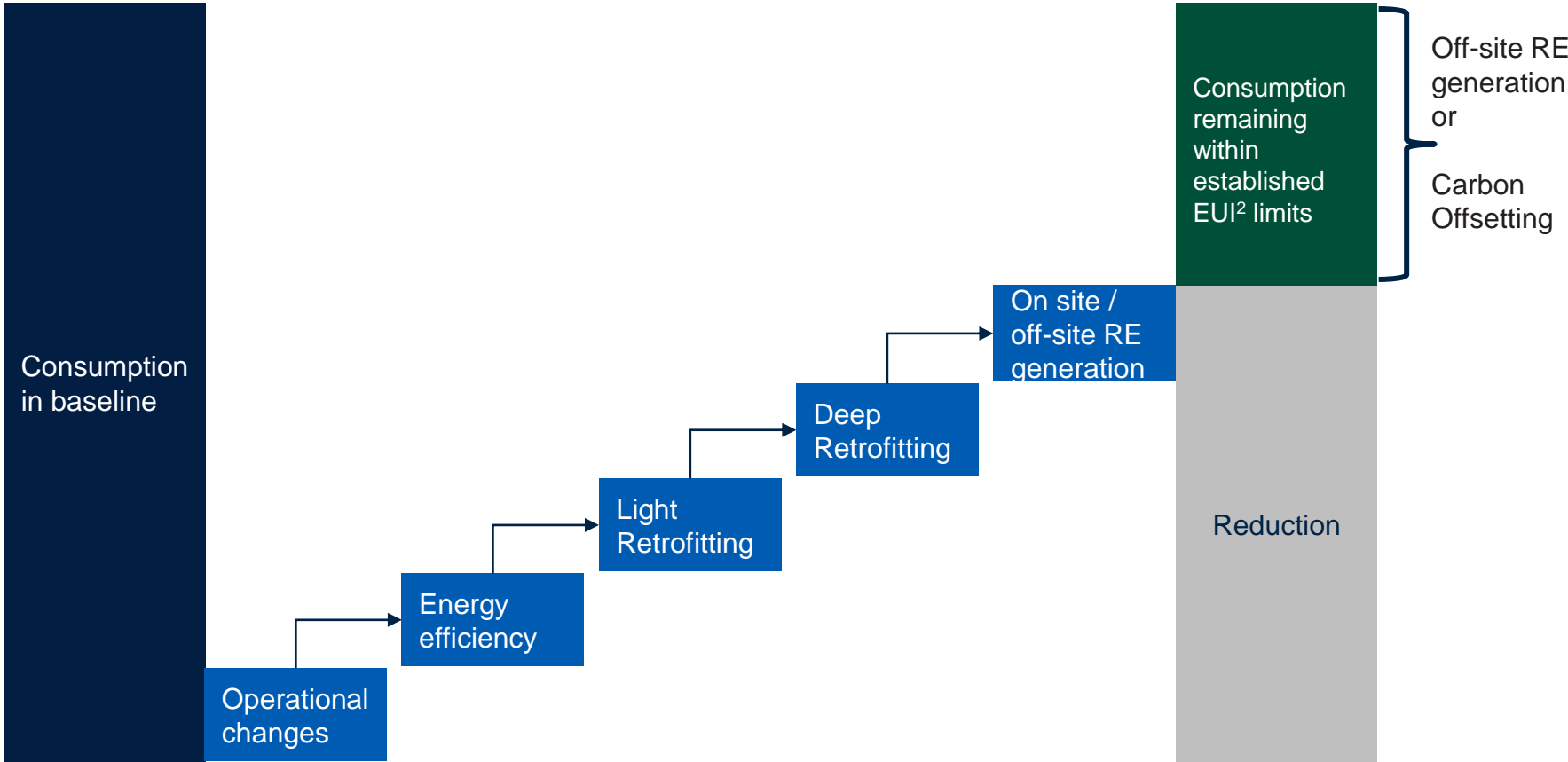
Further resource: [Green Buildings – A Financial and Policy Blueprint for Emerging Markets](#)

NET ZERO IS DEFINED BY BALANCE BETWEEN AMOUNT OF GREENHOUSE GAS EMISSIONS PRODUCED AND REMOVED FROM THE ATMOSPHERE

Baseline reduction required by EDGE¹

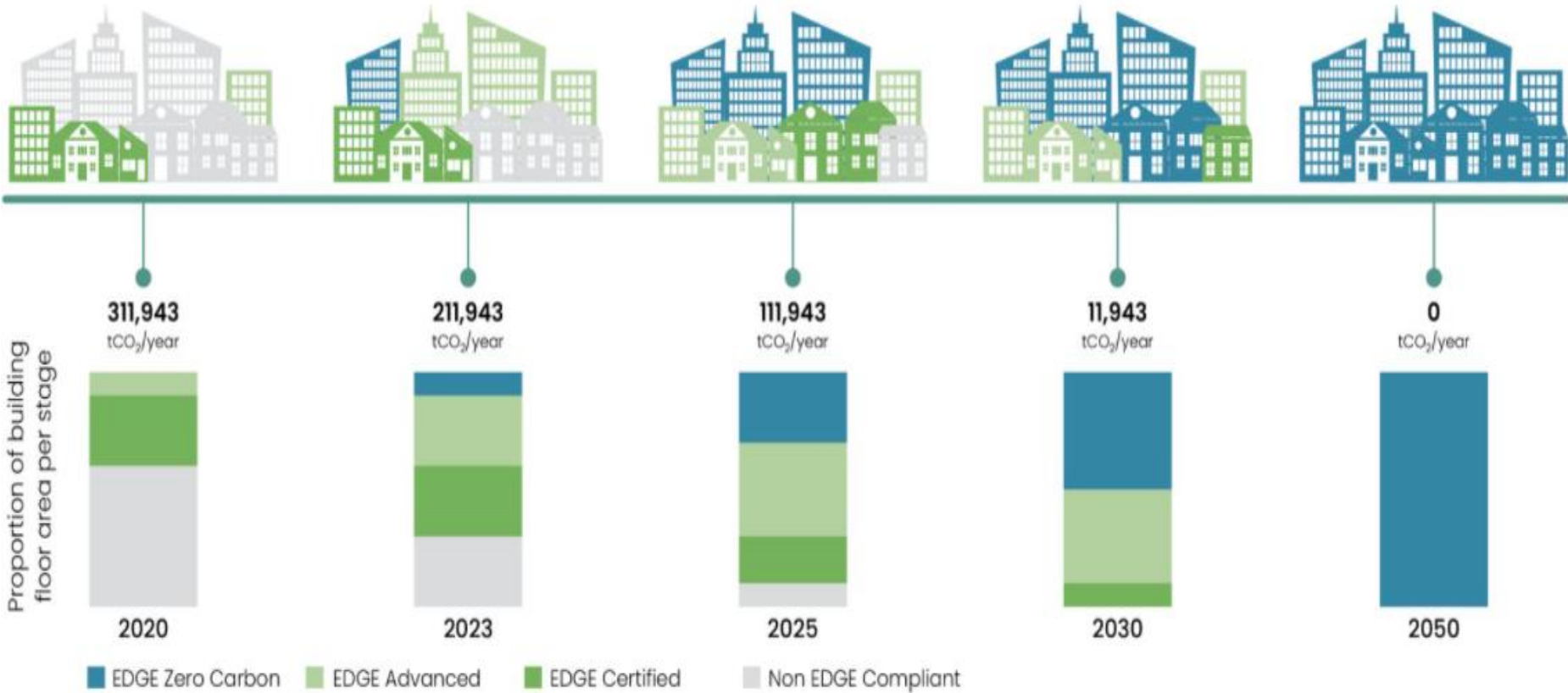


Interim steps to meet immediate decarbonization targets

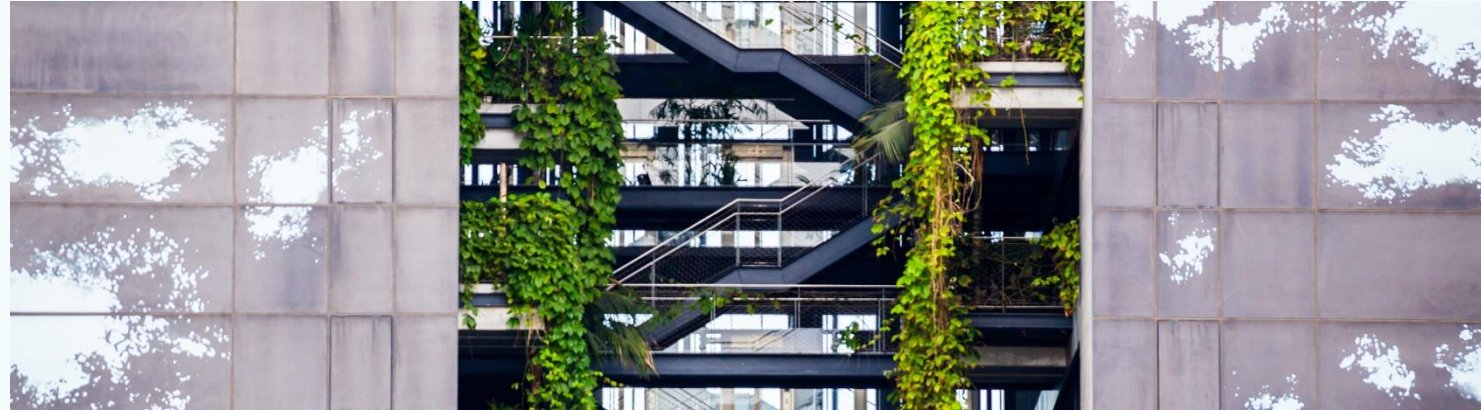


¹ www.edgebuildings.com/
² Energy Use Intensity (EUI)

NET-ZERO AND RESILIENT PORTFOLIOS TAKE TIME TO IMPLEMENT: A STRATEGIC ROADMAP ALIGNED WITH FINANCIAL PLANS IS CRITICAL



4

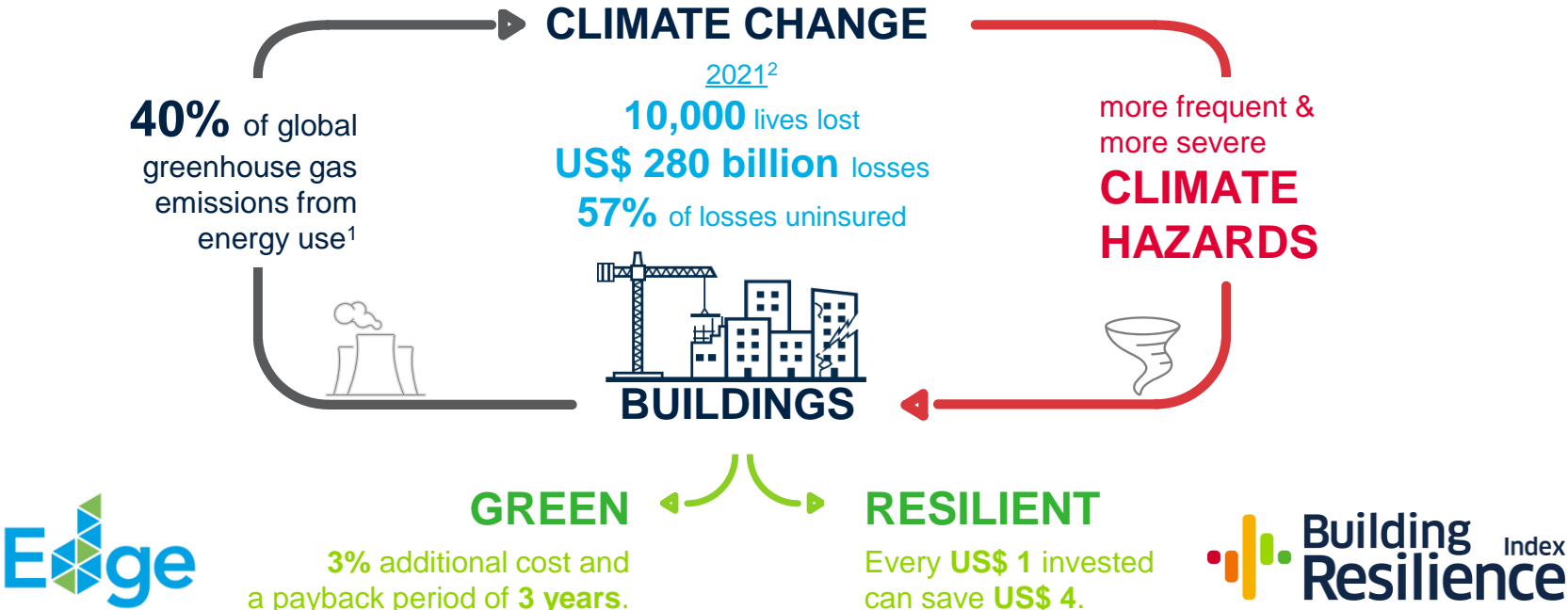


HOW CAN IFC HELP?

IFC HAS A FOUR-PART APPROACH TO GREEN AND RESILIENT BUILDINGS



IFC HAS BEEN A LEADING ORGANIZATION TO SUPPORT GREEN AND RESILIENT BUILDINGS IN EMERGING MARKETS



IFC committed over **\$1 billion a year** for Green Buildings from FY18-20 and **nearly all IFC's direct real estate investment is now green.**

¹ Emissions including embodied carbon; ² Includes data from all natural disasters
 Graphic created by Building Resilience Index team with data from: IFC, Munich RE, and National Institute of Building Science

IFC OFFERS A RANGE OF CLIMATE AND SUSTAINABILITY FINANCE PRODUCTS

Green Bonds

A bond that exclusively finances “Eligible Green Projects” as defined in the issuer’s independently certified Green Finance Framework

Following the Green Bond Principles (GBP)

Issuers must annually report use of proceeds and the impact achieved

IFC typically acts as anchor investor for first time issuers, preparing them for future repeat issuances.

Green Loans

A loan that exclusively finances “Eligible Green Projects”

Following the Green Loans Principles

Issuers must annually report use of proceeds and the impact achieved

Sustainability-Linked Loans/ Bonds

General purpose loan linked to defined KPI targets during tenor of IFC loan

Borrower reports annually on progress using agreed KPIs

Pricing structure usually includes incentives or penalties based on KPIs

A **One-Stop Shop** to Define,
Implement and Finance the
Green Transition



A TWO-STEP PROCESS

1

STRATEGY

Developing a portfolio decarbonization and investment plan

- Baseline assessment of the entire portfolio
- Green guidelines for new developments and acquisitions
- Define corporate-level climate ambitions
- Develop a comprehensive decarbonization pathway, with clear interim KPIs
- Create a financing plan supporting the green transition

2

IMPLEMENTATION


IFC financing to support the green transition

- IFC provides investment in the form of green/ sustainability-linked loans or other products
- The sponsor agrees to report the use of proceeds and progress in achieving agreed interim targets



IFC IS TAKING A LEADING POSITION IN SUPPORTING LARGE PROPERTY OWNERS TO COMMIT AND FINANCE THEIR GREEN TRANSITION


MENU

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ENGLISH ▾

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CapitaLand Ascott Trust Partners with IFC on Its First Sustainability-Linked Bond in the Hospitality Sector



 **ZERO CARBON PLEDGE**

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Leading companies are taking the pledge!



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IFC is partnering with the **Marmara Group** to help the hospitality & real estate company green its portfolio

LARGE PORTFOLIOS ARE CONSIDERING BOTH VALUE CREATION ('GREEN PREMIUMS') AND VALUE PRESERVATION ('BROWN DISCOUNTS')

1

Boost profit margins through utility savings



A sustainable building is at least 20% more resource efficient, which reduces utility costs and saves scarce resources like water and energy.

Typical payback period:

- <1 year through utility savings for new builds
- 1 to 10 years for retrofits

2

'Future-proofing' against regulatory risk and benefit from incentives



Governments and cities worldwide are introducing a wide variety of penalties such as carbon taxes or restrictive water policies, and inducements such as VAT forgiveness, expedited permitting and property tax incentives to encourage sustainable design.

Mandatory national schemes such as NABERS in Australia have saved \$870 million in energy bills since 2010 for commercial building owners and managers

3

Increase value and validation through certification



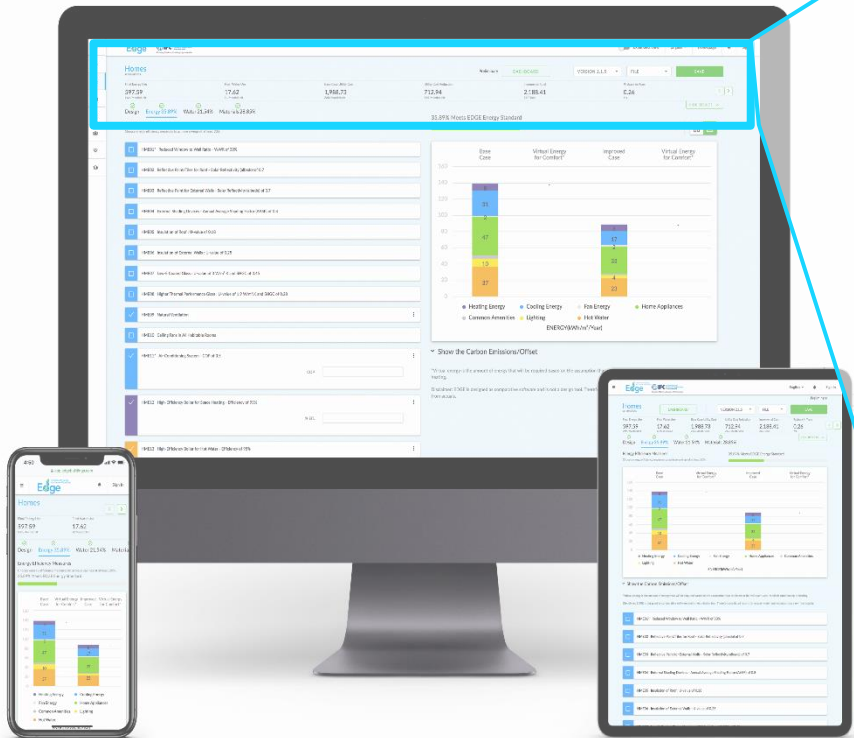
Green building certifications increase the value and competitiveness of buildings, ensuring their alignment with the latest sustainability requirements, while also providing credible evidence for government schemes, customers and investors. They also positively impact reputation and business.

Green certifications result in a rent premium of 6% and a sales premium of 7.6%



Source: "The Business Case for Sustainable Hotels", Sustainable Hospitality Alliance, 2020
 "The Return on Sustainability", JLL 2022

EDGE SHOWS THE PAYBACK PERIOD OF EACH EFFICIENCY MEASURE



<p>✓ Energy 36.52%</p>	<p>✓ Water 32.77%</p>	<p>✓ Materials 47.67%</p>	<p>Progress Toward Certification</p>
<p>Utility Cost Reduction 9,788.45 PAB/Month</p>	<p>Incremental Cost 49,753.26 PAB</p>	<p>Payback in Years 0.42 Yrs.</p>	<p>Incremental Cost and Payback</p>
<p>Embodied Energy Savings 1,056.04 MJ/m²</p>	<p>Energy Savings 506.90 MWh/Year</p>	<p>Water Savings 4,520.42 m³/Year</p>	<p>Energy, Water, & Materials Savings</p>
<p>Operational CO₂ Savings 155.89 tCO₂/Year</p>	<p>Carbon Emissions 265.92 tCO₂/Year</p>		<p>Carbon Tracking</p>

CLOSING REMARKS



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Q&A