edie.INSIGHT

SECTOR INSIGHT: THE STATE OF SUSTAINABILITY IN THE HOSPITALITY & LEISURE SECTOR

contents

INTRODUCTION

The hospitality & leisure industry is constantly evolving. Thanks to technological advancements, a new generation of millennial travellers and growing competition brought on by the sharing economy, the sector has been forced to transform to ensure its survival in the modern, digital age.

What does all of this mean for sustainability practitioners working within the hospitality & leisure sphere? Do these trends offer an opportunity to push corporate responsibility up the agenda? And, as the industry places an increased focus on customer needs, can sustainability and CSR teams effectively engage with consumers to grow sales of more sustainable products and services?

Ultimately, this is an industry that will need to realise a fundamental shift in business model approaches and brand purpose if it is to fall in line with the levels of carbon reduction and resource efficiency required to mitigate global warming and guarantee security of supply. But, is this shift happening fast enough? This edie insight report seeks to answer these crucial questions by exploring some of the key challenges and opportunities facing sustainable business within hospitality & leisure. ▶

*Our in-depth survey was carried out in March and April 2018 with 19 sustainability and environment managers working within hospitality & leisure organisations.

STATE OF THE SECTOR

Hospitality & leisure is a major customer-oriented industry, which encompasses a wide-range of activities including accommodation & foodservices, travel & tourism and events & conferences. The hospitality industry is the fourth biggest employer in the UK, accounting for 3.2 million jobs through direct employment in 2016, and a further 2.8 million indirectly.

Restaurants, bars, hotels and other providers need to address a host of social and environmental issues, from the local sourcing of produce, animal welfare and treatment of employees, to managing energy and waste outputs.

So, what does this look like through the lens of sustainable business? To fully understand the impact of present economic, social and political trends on the sector's efforts to achieve low-carbon, resource-efficient business models, edie gathered/ collected insights from sustainability, CSR and energy professionals working in the industry. edie's Sector Insight survey* attracted responses from an array of UK hospitality & leisure firms, including some of the biggest industry names.

Sustainability progress

There is much cause for optimism when it comes to the state of sustainability within hospitality & leisure. A growing number of players within the industry have set ambitious waste and renewables targets over the past 12 months, topped off by a bold pledge from Whitbread - the UK's largest hospitality company - in April 2018 to halve emissions in the next seven years as part of an "industry-leading" science-based target. This positivity has been reflected in edie's Sector Insight survey findings: 63% of respondents said that their organisation is more committed to sustainability than it was a year ago, while contrastingly, only 5% said that their organisation's commitment to sustainability had decreased during the same time period. **Fig 1.** ▶

Fig 1.

IS YOUR ORGANISATION MORE OR LESS COMMITTED TO TAKING ACTION ON SUSTAINABILITY THAN IT WAS 12 MONTHS AGO?

ANSWER CHOICES	RESPONSES
My organisation is more committed to sustainability	**63.16%**
My organisation is less committed to sustainability	**5.26%**
There has been no change my organisation's level of commitment to sustainability	**31.58%**
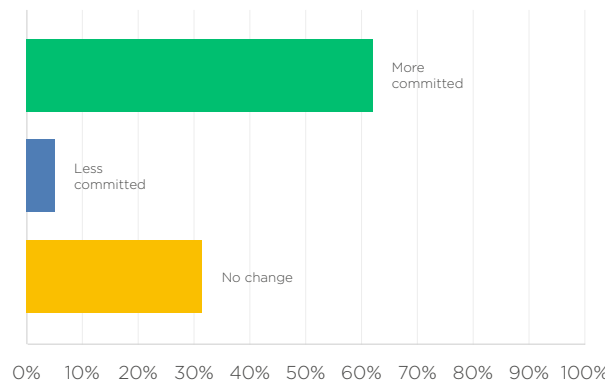
Like many of their counterparts in the other business sectors profiled in edie's Sector Insight series, sustainability and energy practitioners within hospitality & leisure are being forced to make do with limited resources. Of those who were aware of their organisation's annual budget for environmental/ sustainability activities, one-third (33%) of respondents claimed that this figure was less than £20,000, while a huge 73% stated that their yearly budget was £500,000 or less. It is no surprise then, that hospitality & leisure organisations are looking for quick-wins when it comes to return on investment for sustainability activities. Energy efficiency measures were cited as a top investment priority for 2017-18 by more than two-thirds (68%) of edie's survey respondents. Waste management & resource efficiency and behaviour change/engagement programmes (58%) make up the joint-second top investment areas across the sector, as it continues to find new ways to drive down energy and resource use from present levels. **Fig. 2**

A focused investment in behaviour change programmes indicates a tricky internal buy-in challenge faced within the hospitality & leisure industry, where high employee turnover exists. Indeed, when asked what one thing would make their job easier, several of edie's survey respondents commented along the lines of "more switched on staff" and "full staff engagement". One of the factors at play here is the widespread industry practise of 'zero-hour contracts', which allow employers to hire staff with no guarantee of work. Concerns exist that these casual contracts do not offer enough financial stability and security, a problem which could feasibly lead to employee disconnection with long-term sustainability projects. Zero-hour contracts were being handed out at more than one-third (36%) of the organisations polled in edie's Sector Insight survey.

Brexit and beyond

And then there is Brexit. It is thought that hospitality & leisure organisations operating in the UK could be affected by restrictions to EU migration more than any other. Indeed, the British Hospitality Association estimates that upwards of an additional 60,000 workers per year will be needed to prevent a recruitment crisis and to power growth once the UK has departed from the EU. ▶

"CONCERNS EXIST THAT THESE CASUAL CONTRACTS DO NOT OFFER ENOUGH FINANCIAL STABILITY AND SECURITY, A PROBLEM WHICH COULD FEASIBLY LEAD TO EMPLOYEE DISCONNECTION WITH LONG-TERM SUSTAINABILITY PROJECTS. ZERO-HOUR CONTRACTS WERE BEING HANDED OUT AT MORE THAN ONE-THIRD (36%) OF THE ORGANISATIONS POLLED IN EDIE'S SECTOR INSIGHT SURVEY."
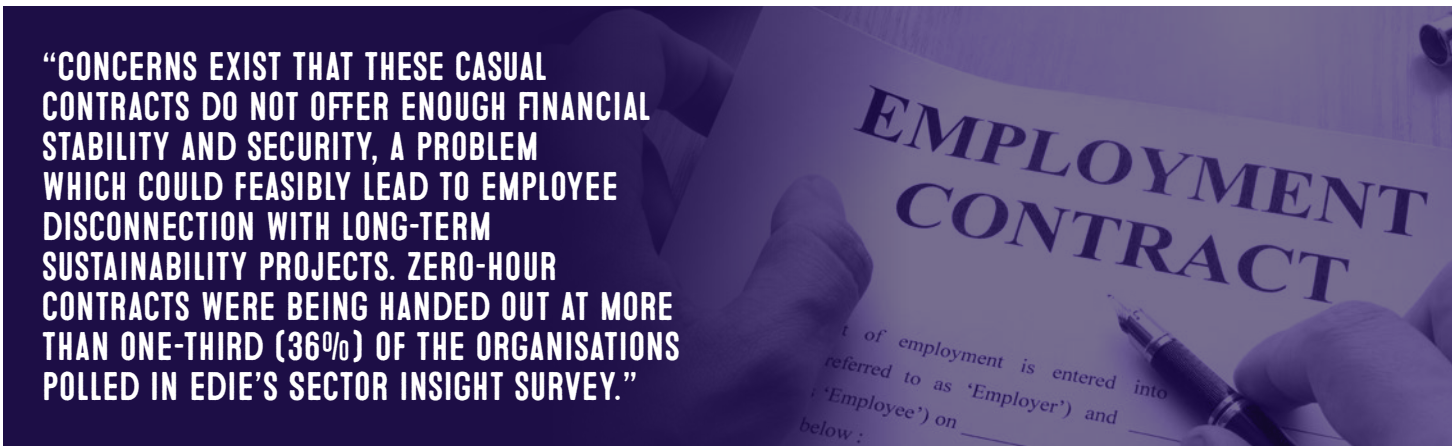
Fig 2.

PLEASE IDENTIFY THE THREE MOST SIGNIFICANT SUSTAINABILITY INVESTMENT AREAS FOR YOUR ORGANISATION IN 2017/18

ANSWER CHOICES	RESPONSES
Behaviour change/engagement programmes	57.89%
Energy efficiency upgrades	68.42%
Ethical sourcing programmes	15.79%
Low-carbon transport/logistics	5.26%
Local community projects/initiatives	21.05%
Renewable energy supply and generation	5.26%
Supplier engagement programmes	15.79%
Sustainability reporting development	15.79%
Sustainable products	21.05%
Waste management and resource efficiency	57.89%
Water management and efficiency	15.79%
Other (please specify)	0.00%
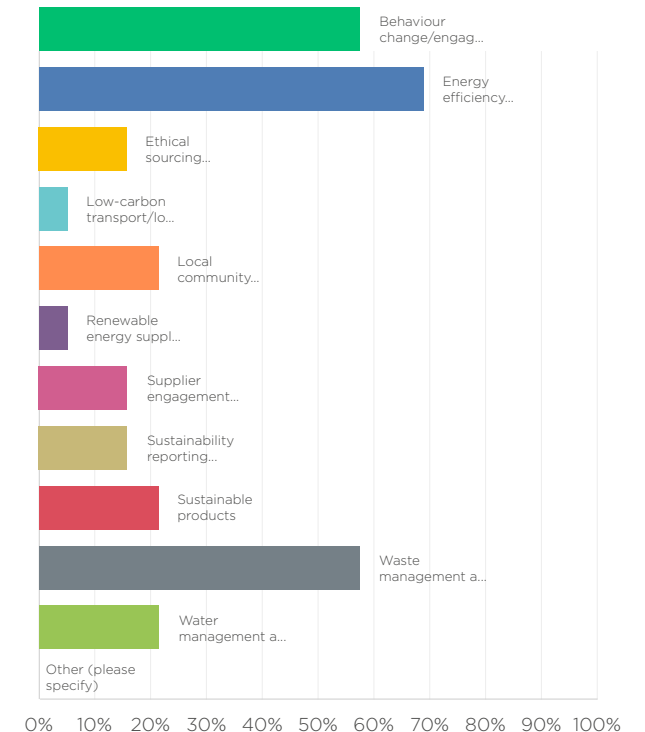
This figure points towards a wider anxiety among the sector's energy and environmental professionals about the impact of Brexit on their sustainability activities. Primary concerns include potentially heightened costs for primary resources as well as weakened protections for the 80% of UK environmental laws that derive from the EU. Significantly, six in 10 (59%) of edie's survey respondents said that they expect Brexit to have a negative impact on the development or delivery of their organisation's strategy and activities.

Already, we are seeing companies grappling with higher costs ahead as Brexit talks continue to drag the pound down and ramp up the price of imports. edie's survey showed that many professionals within the sector are concerned that price fluctuations may have a knock-on effect on the funds available for sustainability projects. Indeed, more than half (52%) stated their concern that fluctuations in commodity prices could be a potential challenge in the future.

As hospitality & leisure firms looks to place an increased focus on efficiency and resilience to achieve long-term stability during a period of great change, there are a number of tips that can be picked up from sustainability leaders in the sector. When asked which organisations provided the most inspiration to drive forward corporate responsibility, many pointed towards the likes of Whitbread, Costa Coffee, Hilton and Marriott Hotels.

What makes all of these exemplars stand out is the level of ambition they display around the CSR agenda - from developing a solid energy and waste strategy, through to creating a dynamic research environment that fosters new inventions and commercialises them into successful businesses.

Against a backdrop of constrained resources, growing populations and planetary boundaries, hospitality & leisure's sustainability leaders are growing more resilient against external shocks by working in harmony with the planet and its resources – a crucial sustainability trait that will need to be embraced across Britain's hospitality & leisure sector if it is to achieve the low-carbon, resource-efficient economy it is striving for. ▶

SUSTAINABLE HOSPITALITY & LEISURE: IN NUMBERS
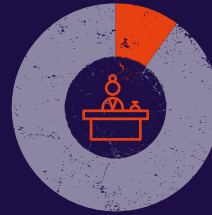
10%
PROPORTION OF GLOBAL POPULATION INVOLVED IN THE HOSPITALITY SECTOR AROUND THE WORLD

£3BN
ANNUAL COST OF FOOD WASTE ACROSS THE HOSPITALITY & FOODSERVICE INDUSTRY IN 2016

43
GIGATONNES OF CO2 EMISSIONS THAT GLOBAL AVIATION COULD GENERATE IF LEFT UNCHECKED BY 2050
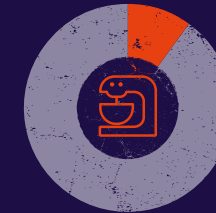
10%
AVERAGE AMOUNT OF TOTAL OPERATING REVENUE THE HOTEL INDUSTRY SPENDS ON ENERGY USE

96%
AMOUNT OF HOLIDAYMAKERS THAT WOULD OPT FOR A FOUR-STAR HOTEL WITH GOOD SUSTAINABILITY CREDENTIALS OVER A 5-STAR HOTEL

5%
REDUCTION IN FOOD WASTE REQUIRED TO REDUCE HOSPITALITY AND FOODSERVICE'S CO2 EMISSIONS BY C.2.7 MILLION TONNES

6%
VOLUME INCREASE OF MARINE STEWARDSHIP COUNCIL (MSC)-CERTIFIED CAUGHT FISH IN 2016
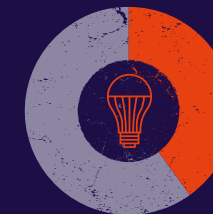
40%
REDUCTION IN ENERGY COSTS THAT HOSPITALITY BUSINESSES COULD REALISE THROUGH ENERGY EFFICIENCY MEASURES
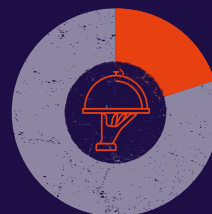
20%
PERCENTAGE OF RESTAURANT-GOERS SATISFIED WITH FOOD SUSTAINABILITY ON THE MENUS OF PLACES THEY HAD EATEN IN RECENTLY

30%
AVERAGE ANNUAL GLOBAL GROWTH RATE OF ECOTOURISM IN RECENT YEARS

Timeline of 10 hospitality & leisure sustainability success stories (2017-18)

Click each story for more information
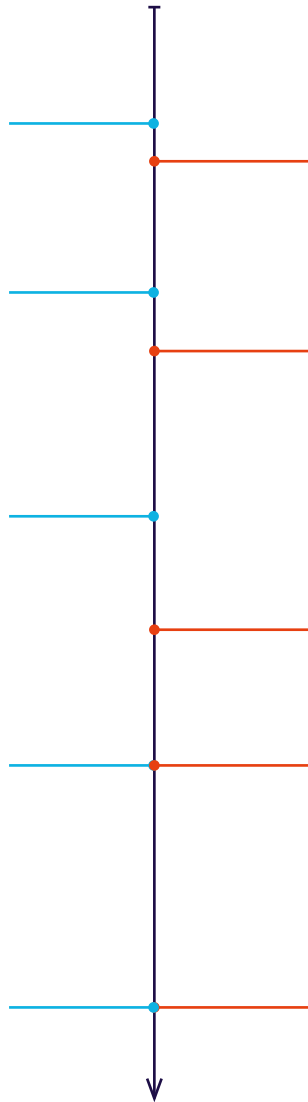
"GLASTONBURY FESTIVAL IS UNDERGOING AN "ENORMOUS PROJECT" TO CREATE A SITE-WIDE BAN ON PLASTIC WATER BOTTLES WHEN IT RETURNS IN 2019."

KEY POLICIES AND REGULATIONS

Like any industry, Britain's hospitality & leisure sector is affected by a number of environmental policies and regulations at a national, continental and global level.

For instance, the 2008 Climate Change Act, which commits the UK to reducing greenhouse gas emissions by at least 80% of 1990 levels by 2050, encourages the sector to consider its long-term energy strategy. Meanwhile, global frameworks such as the Science-Based-Targets initiative and the UN Sustainable Development Goals (SDGs) provide the industry with a benchmark against which it can improve its environmental and social impacts and can act as best-practice guidance which will allow organisations to build greater trust among consumers, suppliers and the workforce. Almost half of edie's Sector Insight respondents (47%) claimed that science-based targets were on the radar for their organisation, while two in 10 (22%) said they were either beginning to apply, or had already embedded, some or all of the SDGs into their sustainability strategy.

A flurry of recent domestic legislative pieces have laid out the blueprint for the UK's long-term environmental and energy landscape, and businesses across the hospitality & leisure sector will need to closely scrutinise how the proposed changes will affect their organisation. In January 2018, the Government released its long-awaited 25-Year Environment Plan, which set out a vision to improve the UK's resource efficiency, biodiversity, air and water quality, and deliver ecological restoration.

The document saw the Government pledge to eliminate all "avoidable" plastic waste by the end of 2042. To play its own its own role in the plastics agenda, there are some immediate measures that sustainability professionals in the hospitality & leisure sector will need to consider, such as a potential tax system for containers like takeaway boxes and the proposed ban on plastic straws.

Moreover, CSR practitioners will need to ensure they are ready to react positively to the Government's overarching plan to achieve zero avoidable waste by 2050 and double resource productivity by 2042, which will be facilitated by a new national Resources and Waste Strategy, due to arrive in Autumn 2018.

Progress in this area is top of hospitality & leisure's sustainability wish-list: 65% of edie's Sector Insight respondents listed a 'Resources and Waste Strategy' as one of their top three priorities for the UK Government over the next 12 months.

The sector will also be keeping close tabs on the development of the Government's Clean Growth Strategy, which provides a blueprint for the UK's decarbonisation pathway through the 2020s and early 2030s. The Strategy is seen as hugely important to help promote energy efficiency and a low-carbon push for hospitality & leisure sustainability activities. To help them achieve these objectives, hospitality & leisure sustainability professionals want to see ministers do more to tackle toxic air levels in the UK: 41% of edie's Sector Insight respondents placed an 'ambitious Clean Air Strategy' as one of their top three priorities for the UK Government over the next year. ▶

WHICH OF THE FOLLOWING ISSUES WOULD YOU LIKE TO SEE MADE A TOP PRIORITY FOR THE UK GOVERNMENT OVER THE NEXT 12 MONTHS?

Improve the state of the UK's natural environment (e.g. through the environmental 'net gain' principle)

Deliver an ambitious resources and waste strategy

Ramp up action to tackle air quality (e.g. deliver an ambitious Clean Air Strategy)

Implement more ambitious renewable energy targets

Make energy efficiency a national infrastructure priority

Create dedicated departments to help coordinate policymakers on particular sustainability issues (e.g. an Office for Resource Management)

Develop more apprenticeship opportunities in sustainability/energy management to bridge the 'skills gap'

Increase funding for carbon capture and storage (CCS)

Strengthen the UK's low-carbon heat policy

Reinstate a zero-carbon homes policy

Other (please specify)

0%   10%   20%   30%   40%   50%   60%   70%   80%   90%   100%

Specific energy and environment legislation affecting the UK hospitality & leisure sector is listed below:

Energy

• **Climate Change Agreement** – A UK Government policy which provides a 90% discount for businesses within energy-intensive sectors that agree upon targets to improve their energy efficiency or reduce carbon emissions.

• **Energy Savings Opportunity Scheme (ESOS)** – A UK policy which calls for mandatory energy audits. ESOS requires all companies with more than 250 employees or a turnover of more than €50m to produce detailed reports on energy use and efficiency, every four years.

•**Carbon Reduction Commitment (CRC) Energy Efficiency Scheme** – A mandatory carbon emissions reduction scheme in the UK that applies to large non-energy-intensive organisations across the public and private sectors. The scheme is divided into a number of phases, with each phase lasting five years. Currently, the scheme is in its second phase, running from April 2014 to March 2019. However, the Government announced in 2016 that the CRC Energy Efficiency Scheme will be abolished following the 2018-19 compliance year.

• **Mandatory carbon reporting** – A UK policy which mandates 'quoted companies' (those that are UK incorporated and whose equity share capital is officially listed on the main market of the London Stock Exchange) to report their annual greenhouse gas emissions in their directors' report. By measuring and reporting these emissions, hospitality & leisure businesses can begin to set targets and put in place carbon management initiatives to reduce emissions in the future.

Resource efficiency

• **Waste Framework Directive** – EU legislation which sets the overarching legislative framework for EU waste policy. The Directive sets binding targets to be achieved by 2020: preparing for the reuse and recycling of 50% of certain waste materials from households and similar sources; and preparing for reuse, recycling and other recovery of 70% of construction and demolition waste.

• **Landfill Directive** - EU legislation which requires Member States to prevent or reduce as far as possible the negative effects of landfilling on the environment as well as any resultant risk to human health. Under the Landfill Directive, the UK is required to send no more than 35% of the volume of bio-municipal waste to landfill than it did during 1995 by 2020.

• **Circular Economy Package** – An EU legislative framework which is being brought in to help businesses and consumers accelerate the transition to a circular economy, where waste is seen as a 'resource' that can be recycled, re-used or remanufactured. Within the Package, the European Commission has proposed changes to various EU waste directives. In the UK, these changes could involve significant adjustments to producer responsibility regimes, including packaging, with the producer being required to cover most or all of the costs associated with recycling or disposal. ▶

Environment

• Water Framework Directive – EU legislation transposed through river basin management plans and to which the Government's proposals to reform the abstraction licensing system are also linked. The approach for achieving the latter is currently under review due to Parliamentary time constraints imposed by Brexit.

• Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) – EU legislation which aims to improve the protection of human health and the environment from the risks that can be posed by chemicals.

In principle, REACH applies to all chemical substances; not only those used in industrial processes, but also in people's day-today lives – for example, in cleaning products and paints, as well as in articles such as clothes, furniture and electrical appliances.

Ethics

• Modern Slavery Act – UK legislation which requires any business with a global turnover of £36m or more that supplies goods and services to the UK, or is based in the UK, to publish an annual statement of compliance with the Modern Slavery Act. This is the first piece of UK legislation – and the first in Europe – to focus on prosecuting and preventing acts of modern slavery in supply chains, covering an array of issues including human trafficking, child labour and cases of debt bondage.

Building standards and frameworks

• The Building Research Establishment Environmental Assessment Method (BREEAM) - The world's longest established method of assessing, rating, and certifying the sustainability of buildings. BREEAM works to raise awareness amongst owners, occupiers, designers and operators of the benefits of taking a sustainability approach.

• Leadership in Energy and Environmental Design (LEED) - The most widely used green building rating system in the world. Available for virtually all building project types, from new construction to interior fit-outs and operation & maintenance, LEED provides a framework that project teams can apply to create healthy, highly efficient, and cost-saving green building.

•WELL Building Standard – The world's first building certification that focuses exclusively on human health and wellness. The WELL Building Standard is an international assessment method that encourages healthy eating choices and active lifestyles, as well as promoting natural light and a high standard of air quality, based on seven years' of scientific, medical and architectural research. ■

65% OF EDIE'S SECTOR INSIGHT RESPONDENTS LISTED AN 'AMBITIOUS RESOURCES AND WASTE STRATEGY' AS ONE OF THEIR TOP THREE PRIORITIES FOR THE GOVERNMENT OVER THE NEXT 12 MONTHS

EXPERT'S VIEW:
THE STATE OF SUSTAINABILITY IN FOODSERVICES

Ylva Johannesson
Head of sustainability consultancy
Sustainable Restaurant Association

Hospitality & leisure businesses lie at the juncture of some of the world's most pressing environmental and societal challenges. Here, the Sustainable Restaurant Association's (SRA) head of sustainability consultancy Ylva Johannesson charts the progress being made across the foodservice industry in the key areas of food and plastic waste management.

When, in the final episode of Blue Planet, Sir David Attenborough said: "The future of all life now depends on us," he might not have been singling out the foodservice sector specifically, but he certainly struck a resounding chord with millions.

Images of turtles struggling with straws up their noses and birds pecking at plastic bags made for sobering viewing. Business, consumers and indeed Government have responded. For weeks, barely a day passed without another pub, bar or restaurant group announcing that it was ditching plastic straws. Wetherspoons, All Bar One, Carluccio's, the list of operators taking this positive step goes on. The switch to more expensive alternatives to plastic straws was more than outweighed by the massive reduction in volume.

Takeaway platform Just Eat recently announced the removal of all plastic packaging products from its partner shop as well as an opt-out for customers on plastic cutlery, straws and sauce sachets. When you consider that 21 million people ordered 172 million takeaways via Just Eat last year, these moves have the potential to have a seriously positive impact in a number of ways. Less plastic, more satisfied and conscious customers as well as lower costs for businesses.

We'll be supporting Just Eat and its restaurant partners over the next year, providing in-depth support to a test group of businesses before sharing the successes, and indeed ongoing challenges, with the whole Just Eat network and the industry more widely.

Just how can you safely deliver a laksa up a hill on the back of a scooter if not in a plastic box and are langoustine shells really going to provide a long-term practical alternative to clingfilm? We'll keep you posted! ▸

> "For weeks, barely a day passed without another pub, bar or restaurant group announcing that it was ditching plastic straws. Wetherspoons, All Bar One, Carluccio's, the list of operators taking this positive step goes on."

Food for thought

Putting plastic in the spotlight must not mean that issues as important as food waste are left to lurk in the shadows. The problems with the food system require a holistic solution. So, an industry that wastes one million tonnes of food a year must continue to be proactive in efforts to ensure food is used for its primary purpose – feeding people.

As with plastic, food waste offers serious opportunities for savings. When the SRA ran FoodSave, the most in-depth food waste programme to date, some single site restaurants saved well in excess of £20,000 a year, through a selection of simple common-sense steps.

Equally, operators like Pizza Hut Restaurants, Wahaca and Nando's have demonstrated how a mix of modest capital investment and business-wide behaviour change can produce substantial cuts in energy use – in an industry that uses the same amount of electricity as the whole of Costa Rica.

With food systems contributing at least a quarter of man-made greenhouse gas emissions, what operators serve up has the single biggest impact of anything they do. Recent consumer research conducted by National Union of Students and restaurant guide Harden's for the SRA, revealed that almost nine out of ten (86%) thought restaurants should focus on creating a menu that helps them make sustainable choices. And less than one in five said they were satisfied with the environmental impact of the food on menus in restaurants they eat in.

Wagamama, Zizzi and Carluccio's are just some of the larger industry brands to up their proportion of veg on their menus. Leon's menu now boasts two-thirds plant-based dishes and Café Rouge has recently gained MSC certification for the fish it serves. This is where genuine change has to come – on the plate. By making it easier for customers to use the power of their appetites wisely, the industry will be creating the best recipe for a better food future and providing Sir David with the legacy he deserves. ■

"WHEN, IN THE FINAL EPISODE OF BLUE PLANET, SIR DAVID ATTENBOROUGH SAID: "THE FUTURE OF ALL LIFE NOW DEPENDS ON US," HE MIGHT NOT HAVE BEEN SINGLING OUT THE FOODSERVICE SECTOR SPECIFICALLY, BUT HE CERTAINLY STRUCK A RESOUNDING CHORD WITH MILLIONS."

EXPERT'S VIEW:
THE STATE OF SUSTAINABILITY IN ACCOMMODATION

**Benedetta Cassinelli
joint managing partner
Considerate Hoteliers**

Here, Considerate Hoteliers' joint managing partner Benedetta Cassinelli charts the progress being made across the accommodation sector in the key areas of energy management and data optimisation.

With the CO2 emissions of an average hotel room night being 31.1kg, which is roughly the same emissions as the entire energy consumption of an average family home for one day (offsetting this requires planting one tree and letting it grow for eight years), the accommodation sector has a crucial role to play in mitigating climate change from property level up. We believe the two main catalysts for driving change in the accommodation sector are data and demand.

When owners and operators can visualise tracked consumption, cost and carbon emissions data – especially at granular levels – the business case for running a more sustainable operation becomes compelling. There is cultural shift, and inefficiencies and new ways of working are identified that can culminate in substantial cost savings.

Costly projects such replacing a BMS or retrofits require significant CapEx and have longer term payback periods. And it can be challenging to prioritise them in terms of ROI. Therefore, we see the most important sustainability investment area for the accommodation sector at present – regardless of size pf operation – is a data management system. Not only are they low cost and non-intrusive to implement, but by looking at historical trends and analysis, inefficiencies can be identified from the outset. Gleaned

data can also be used for CapEx projects business cases; for completing sustainability data fields in RFPs; and for mandatory or voluntary reporting.

The Department of Business, Energy and Industrial Strategy (BEIS) is currently reviewing consultation feedback for streamlined energy and carbon reporting within the Companies Act 2006 business reporting framework. The reform package will reduce administration raise awareness of energy efficiency, reduce bills, and save carbon. Considerate Hoteliers has been selected by BEIS to develop an energy management app for the UK SME hospitality market. ▶

"Owners and operators must understand the behaviours and practices behind them and take appropriate action. In a nutshell: identify, implement and improve."

Identify, implement and improve

Investment in innovation is essential for maintaining a competitive edge in a small margin industry. Although hotels use benchmarking tools such as STAR and in relation to market share and P&L as standard, they are just getting to grips on the concept of benchmarking operational performance. Therefore, it is important to share resource data to understand industry baselines - benchmarking is essential to drive better performance in resource consumption and better engage stakeholders.

The launch of the Sustainable Development Goals (SDGs) has meant - for the first time - we have a tangible international framework that can be integrated into operational business strategies within the accommodation sector. However, we are mainly seeing the larger international brands and groups adopting it, even though in theory SMEs could apply them too.

In terms of best practice, there are businesses across the space leading the way. Whitbread has committed to science-based targets across its hotel and other brands. Boutique hotel Qbic London City, which uses Con-Serve has an average of 9kg carbon emissions per night - less than a third of the industry average – which makes it best in class in terms of its carbon emissions when compared to hotels of a similar rating and build. Independent five-star hotel

The Royal Garden has embedded energy-saving initiatives and a responsible business culture in to all aspects of a very complex operation. And from global perspective TUI Group (325 hotels) has integrated sustainability into its business strategy for many years and moving forward has aligned its targets 2020 to the UN framework.

If the accommodation sector is serious about reducing energy use and its carbon emissions the starting point is robust data. But knowing the numbers is not enough. Owners and operators must understand the behaviours and practices behind them and take appropriate action. In a nutshell: identify, implement and improve. ■

> "WITH THE CO2 EMISSIONS OF AN AVERAGE HOTEL ROOM NIGHT BEING 31.1KG, WHICH IS ROUGHLY THE SAME EMISSIONS AS THE ENTIRE ENERGY CONSUMPTION OF AN AVERAGE FAMILY HOME FOR ONE DAY, THE ACCOMMODATION SECTOR HAS A CRUCIAL ROLE TO PLAY IN MITIGATING CLIMATE CHANGE FROM PROPERTY LEVEL UP."

THREE

SUSTAINABILITY DRIVERS

The sustainability of the UK's hospitality & leisure sector is driven by a range of factors which must be considered by any organisation looking to accelerate its transition to a low-carbon, resource-efficient business model. Some of these drivers are immediately identifiable and controllable, while others will require the sector to collaborate with others to mitigate risk and build resilience. Listed here are the key drivers affecting the sustainability of the hospitality & leisure sector.

1 Climate change & extreme weather events

Climate change is seen by many as the biggest sustainability issue facing the hospitality & leisure industry today. This is underlined by edie's Sector Insight survey, which revealed that a huge 78% of respondents believe that 'climate change and extreme weather events' pose a 'significant' sustainability challenge for the industry, while a further 16% cited it as a potential challenge in the future.

The environment plays a major role in destination choice and tourism spending. Many hotels and restaurants are situated in areas of outstanding natural beauty, in historic cities and in regions with a delicate ecological balance. Changes in water availability, biodiversity loss, reduced appeal of landscapes affected by drought, coastal erosion, flooding and depleted resources will all impact on the hospitality industry to some extent over the upcoming decades.

Hospitality must mitigate climate change as well as adapt to the change that it will bring. The sector comprises a host of energy-intensive elements, such as the accommodation and foodservice sectors. Indeed, UK restaurants are thought to be responsible for higher carbon emissions than the whole of Costa Rica. Another subsector that poses a big threat is air travel. If left unchecked, between 2016 and 2050, global aviation could generate an estimated 43 gigatonnes of carbon dioxide emissions – the equivalent to more than 4% of the world's entire remaining carbon budget.

Business as usual in these areas – continuing to build and buy new hotels, restaurants and aeroplanes – could lock in a climate change future much higher than two degrees. Across the board, steps must be taken to ensure that hospitality & leisure plays a key role in delivering a low-carbon future. As will be explored in further detail in the 'Opportunities' section of this report, hotel and restaurant operators are working diligently to reduce their energy demand through a variety of measures such as onsite generation and energy efficiency.

Aviation is also, rather belatedly, exploring ways to limit its carbon footprint. Having been a notable exclusion in the final draft of the Paris climate agreement, the aviation sector agreed an global emissions-reduction scheme in 2016, which will see airlines in participating countries voluntarily offset CO2 emissions from aircrafts. However, experts claim that the deal will fall "well short" of the carbon neutral growth target for 2020, and it is clear that aviation, along with other sections of the industry, will need to accelerate its efforts in the upcoming years to ensure it prospers in a low-carbon global economy. ▶

2 Increased consumer pressure

No industry is more exposed to the public's inspection than the hospitality & leisure sector. In recent years, guests at hotels and restaurants have made it clear they want the sector to operate in a more sustainable manner. A survey from The Travel Foundation indicated that only 4% of holidaymakers would opt for a five-star hotel rather than a four-star one with a better sustainability performance, while another poll from energy supplier E.ON revealed that boutique hotels and Bed & Breakfasts (B&B) would generate more customer interest if they were judged through a sustainable accreditation system similar to food and service quality ratings. Hospitality is built on a foundation of consumer experience, and it is clear there is a growing need for it to be based on the sustainability agenda.

This has extended to travelling where consumers are considering environmental issues when making travel plans and purchases. A reflection of this is seen in the growth of ecotourism – defined as responsible travel to natural areas that conserves the environment and improves the well-being of local people - which has grown by 30% globally in recent years compared to 8% for traditional tourism. Online travel agency Travelocity found that nearly 80% of travellers would be willing to pay extra to visit an eco-friendly destination or business.

Research suggests that consumers are prepared to offset their travel-related emissions once they understand the impact they are having on the environment. Some are even choosing more radical options, such as imposing new carbon taxes on the cost of flying or opting for more neutral forms of transport. It is no surprise then, that both Virgin Trains and Eurostar are promoting themselves on the basis that train travel is greener than going by air, or that VisitBritain has developed a sustainable tourism accreditation scheme.

In the foodservice sector, consumers are demanding more locally sourced, fresh and sustainable food products and will reward operators who embrace sustainability. A survey for the SRA's 2018 One Planet Plate campaign found that 20% of restaurant-goers said they were satisfied with how ethical the food was on the menus of places they had eaten in recently, while even fewer were satisfied with its impact on the environment. Operators can take advantage of these trends by identifying the source of menu items, offering half portions for a smaller price than the full entrée, and emphasising fresh products.

Millennials, generally aged between 15 and 35, have become the fastest growing customer segment within the hospitality industry, and gauging their attitudes and behaviours could be crucial to delivering an effective CSR strategy. According to research by Morgan Stanley, more than half (53%) of millennials go out to eat more than once a week, compared to 43% for the general population.

The report found that millennials care more about food being organic and good for the environmental than other generational cohorts. The importance of adapting hospitality business models to benefit from these behavioural shifts cannot be underestimated. ▶

> ## "THE CHANGES IN TRAVELLING HABITS AND THE DEMANDS OF GUESTS WILL HAVE A SIGNIFICANT IMPACT ON HOTELS BOTH SMALL AND LARGE. HOTEL OWNERS AND MANAGERS CAN CONSIDER WAYS OF HOW TO INCENTIVISE THEIR GUESTS TO KEEP THEIR ENERGY USE DOWN, AND TO ENSURE THEIR ENERGY SYSTEMS ARE AS EFFICIENT AS POSSIBLE."
>
> PHIL GILBERT, HEAD OF BUSINESS ENERGY SOLUTIONS, E.ON

CASE STUDY

Whitbread now powered by 100% renewable energy

Britain's biggest hospitality firm can now stake claim to being powered by 100% renewable sources after striking a deal for green electricity to be supplied to its hotels, restaurants and coffee shops across the country.

Premier Inn and Costa Coffee owner Whitbread, which serves more than 28 million customers every month, has agreed a renewable energy tariff with SSE covering all of the firm's purchased electricity.

Whitbread's director of sustainability James Pitcher said: "As the UK's largest hospitality brand, we have a responsibility and an opportunity to drive change within the industry which is why we have made this decision for the business. Whitbread is committed to minimising its environmental impact and operating is a way that respects people and the planet and we hope this will be a landmark step in helping to set the industry standard."

READ THE FULL STORY >.

3 Population growth and resource scarcity

The hospitality & leisure sector has had to continuously adapt to an increase in customers and facilities, while simultaneously combating the rising waste and energy costs associated with those increases. The UK has one of the fastest-growing populations in Europe, forecasted to surpass 70 million before the end of the next decade. This demographic trend will cause an inevitable strain on vital natural resources such as water, which are key to hospitality & leisure operations.

Hospitality itself has a dramatic environmental impact through water consumption, use of consumable and durable goods, and solid and hazardous waste collection. As part of the hospitality experience, customers seek to be indulged with high volumes of hot water, high pressure showers, freshly laundered linen, an ample supply of towels, copious amounts of food and beverage, the availability of swimming pools and saunas and transport to take them to the airport. Indeed, the hotel industry spends on average 5-10% of total operating revenue on energy use. In the accommodation sector, heating, cooling and lighting can represent as much as 60% of total energy use.

Sustainability and energy professionals across the industry are only all too aware of the future challenging business environment in which sustainability will need to be embedded. Four in 10 of edie's Sector Insight respondents (42%) thought that 'population growth and urbanisation' presented at least a 'significant' challenge for sustainability in the hospitality & leisure industry, while almost half (47%) cited resource scarcity as a 'significant' problem. As will be explored in further sections of this report, actions are being taken to ensure that businesses operating within the sector not only survive, but thrive, in a highly-populated, resource-constrained, world. ■

How Nando's is spicing up its onsite energy management

EXCLUSIVE: International restaurant chain Nando's is rolling out a number of on-site technology upgrades and innovative behaviour change methods, while exploring the possibility of food waste-powered restaurants, in a bid to take energy management in its UK sites "to the next level".

Nando's UK energy, waste and water manager Julie Allen told edie that the restaurant group has attempted to "to ignite a change" in the way it manages its energy – with efficiency technology, green innovation and staff engagement highlighted as the three key pillars of this movement.

New Nando's restaurants have been fitted with LED lights which make up 85% of all lighting in new-builds. In the kitchen, the group has also introduced a range of variable extractor fans which only operate and consume energy while the chefs are cooking. Allen believes this has produced energy savings of around 37% compared with conventional fans.

But while staff members – or 'Nandocas' as Allen refers to them – are aware of the technological advances, some are still not completely aware of the need for them. Allen is attempting to remedy this through intrinsic gamification models to compare each individual store's energy consumption with the same time period from last year.

FOUR

SUSTAINABILITY CHALLENGES

From engaging with the supply chain on social and environmental issues to encouraging customers to participate in energy and resource-efficient behaviours, sustainability and energy professionals within the hospitality & leisure sector are faced with a multitude of barriers which they must overcome in order to do business better. Listed here are four key challenges facing the sector.

1 Engaging consumers with sustainability

As was illustrated in the previous section of this report, consumer demand for more responsible hospitality & leisure business operations is certainly on the rise. But within the hospitality industry, where resource and energy consumption is intrinsically linked to the customer experience, it can often be difficult to encourage customers to practice what they preach.

Customer research by Starwood Hotels and Resorts has found that more than 60% of people are more wasteful of hotel water and electricity because these things are perceived to be 'free'. And despite years of polite discouragement, 75% still want their towels and sheets changed every day. In a similar vein, a limited number of global airline passengers have offset the carbon footprint of their flights. These findings suggest that some consumers are slow to change their behaviours, if they do it at all. Unsurprisingly, 42% of edie's Sector Insight

survey respondents cited 'external behaviour change' as a 'significant' challenge, with a further 26% claiming it is a 'business-critical' challenge.

The industry must explore innovative methods to encourage customers to become more socially and environmentally responsible, and there are several ways this can be performed. Asked how they thought sustainable consumer behaviours could be promoted, 35% of edie's survey respondents said that 'rewards/incentives for sustainable actions' would be 'very effective'. This chimes with a separate poll by energy provider E.ON which revealed that around half of respondents would be willing to adopt environmentally beneficial actions such as single towel use and low energy and hot water consumption in exchange for a 10% price discount.

But for those customers more unwilling to engage in sustainable behaviours even when incentivised, a more effective strategy could be delivered through enforcement. More than a third of edie respondents (35%) thought that the use of 'financial penalties for unsustainable actions' would be a 'very effective' tool, while a further 24% claimed it would be 'extremely effective'. Meanwhile, the application of 'choice-editing' to control the choices available to consumers (e.g. reduce portion sizes) and 'visual messaging' were both seen as 'extremely effective' tools by 12% of respondents. ▶

"IT IS BECOMING EVER MORE IMPORTANT FOR THE HOSPITALITY INDUSTRY TO OPERATE A SUSTAINABLE, TRACEABLE SUPPLY CHAIN AND IT IS SOMETHING WE HAVE BEEN FOCUSING ON FOR A WHILE NOW. OUR CUSTOMERS EXPECT US TO DO THE RIGHT THING, SO WE ARE IMMENSELY PROUD TO HAVE ACHIEVED MSC CERTIFICATION FOR OUR RESTAURANT BRANDS."

JAMES PITCHER, DIRECTOR OF SUSTAINABILITY, WHITBREAD

2 Supply chain management and transparency

More than one in ten people involved in the hospitality sector around the world, and consequently, the social and environmental impacts of a hotel, restaurant or bar go far beyond the walls of the property. The industry faces a host of supply chain challenges, ranging from ethical sourcing of products through to issues around modern slavery. It comes as no great surprise, then, that almost half of edie's Sector Insight respondents (47%) view 'lack of supply chain management/transparency' as a 'significant' challenge for the future sustainability of the hospitality & leisure industry.

In the wake of media scandals, stakeholders are increasingly seeking reassurance that products and services are responsibly sourced, and, if exploitation or environmental damage are uncovered in a supply chain, the risks to reputation and profit are real. Yet, ethical sourcing issues in hospitality still exist around commodities such as tea, coffee, chocolate and palm oil. Meanwhile, 90% of the world's fish stocks are either fully or overexploited and populations of marine species have halved in the last 40 years. Just 36% of edie's Sector Insight respondents said they had embedded ethical sourcing certifications such as Fairtrade or the Marine Stewardship Council (MSC) into their operations to drive supply chain sustainability. And in addition, only 15% listed 'ethical sourcing programmes' as one of the three top significant sustainability investment areas in 2017/18.

The sector's failure to deal with modern slavery concerns has come under intense scrutiny in recent years. There are around 115,000 human trafficking victims within the hospitality sector in Europe, of which, 95,000 are sexually exploited. Around 7,000

workers are labour exploitation victims working in the industry. Modern slavery was cited as a 'business-critical' sustainability challenge by one-fifth (21%) of edie's Sector Insight survey respondents, while 32% thought it could become a potential challenge in the future.

Hospitality has been slow to drive change in supply chains by treating modern slavery as a critical corporate responsibility. This was underlined in edie's survey findings: 37% of respondents said that their organisation was yet to fully map its suppliers to understand the potential risks and exposure to modern slavery.

Meanwhile, 11% revealed that their organisation had found evidence of modern slavery in its supply chain since the enforcement of the Modern Slavery Act. Thankfully, an increasing amount of collaborative action is underway. The Stop Slavery Hotel Industry Network, convened by the likes of Hilton, WGC and Bespoke Hotels, has called on all hospitality firms to be bolder in showcasing attempts to tackle the issue, starting with the publication of a modern slavery statement. ▶

MODERN SLAVERY WAS CITED AS A 'BUSINESS-CRITICAL' SUSTAINABILITY CHALLENGE BY ONE-FIFTH (21%) OF EDIE'S SECTOR INSIGHT SURVEY RESPONDENTS

UK hotel group launches comprehensive anti-slavery programme

A privately-owned UK hotel group has launched what it claims is the first "industry-leading" anti-slavery programme in the sector, including plans to educate more than 400 staff members on identifying cases of modern slavery and human trafficking.

Shiva Hotels is rolling-out the staff training alongside a consumer-facing awareness programme across five of its properties, including the Kingsway Hall hotel in Covent Garden and the Hilton London at Heathrow Airport Terminal 5.

Between July 24-26, Shiva Hotels will train staff members on safeguarding against the risks of modern slavery in hotel facilities, employment practices and supply chains.

Shiva Hotels' director Rishi Sachdev said: "Modern slavery is an urgent issue that affects thousands of people across the UK and as a hotelier we have the opportunity to lead the way in addressing this issue. By ensuring our staff and guests are aware of the risks, we can help to prevent modern slavery and ensure the safety and livelihoods of those who may be at risk."

READ THE FULL STORY >.

3 Resource and waste management

For many years, it has been known that the UK hospitality & leisure sector is a significant producer of waste – vast amounts of this waste derives from an endemic food waste problem. According to research from WRAP, one in six of the eight billion meals served throughout the hospitality sector each year is wasted. More worrying still is the understanding that 75% of this figure could be avoidable.

The annual cost of food waste across the industry reached an estimated £3bn in 2016 - the equivalent of a quarter of the entire food procurement budget for the whole sector. But restaurant and hotel operators are taking steps to reduce food waste levels: almost six in 10 (58%) respondents to edie's Sector

Insight survey listed 'waste management and resource efficiency' as one of their company's top three sustainability investment areas in 2017/18. Food waste is starting to be viewed as a business opportunity with restaurants like Spring, Tiny Leaf and Real Junk Food Project feeding customers nutritious meals made from food that had been deemed surplus to requirements. Elsewhere, British contract foodservice firm Compass Group has pledged to reduce food waste by 10% by 2020.

The big topic of 2018 has undoubtedly been plastic waste, and hospitality firms have played their part in helping to tackle the issue. For instance, Malmaison and Hotel du Vin, the collection of boutique hotels, has announced it will stop serving plastic straws as a way to reduce waste across its 33 hotels. This follows a scheme which saw the company replace plastic cotton buds in guest amenity packs with paper-based ones.

The sector has also been particularly active when it comes to finding solutions to the coffee cup recycling dilemma. With research showing that an estimated 2.5 billion paper coffee cups are discarded in the UK, a host of high-street chains have responded to media and consumer backlash.

Costa Coffee has launched a recycling scheme in all of its stores to ensure that as many as possible of its own takeaway cups - and those from its competitors - are recycled. Starbucks followed with a similar initiative, launching a new in-store paper cup recycling bin aimed at encouraging customers to return take-away cups back into the store and boost overall recycling levels. ▶

CASE STUDY

Vacherin becomes zero-waste business one year ahead of schedule

London catering business Vacherin has revealed that it has achieved a zero-waste to landfill business status, one year ahead of schedule, as it also closes in on an 80% recycling target set for 2018.

The company's bi-annual waste audits, which are carried out across all its sites, have revealed that Vacherin now sends zero-waste to landfill. The company had originally set this target for 2017, but a range of waste reduction initiatives has seen it reach the landmark status 12 months early.

Vacherin's lead for sustainability and CSR Zoe Stennett-Cox said: "At Vacherin

we have had our fill of landfill! Manging waste is a challenge facing us all and this landmark achievement is testament to every colleague, team and client who makes a daily commitment to be a part of the solution and not a part of the problem.

"We train our employees and work with our clients and suppliers to reduce the amount of waste coming from the food supply chain and in food preparation. Then we work to ensure the waste that is created makes it to the most sustainable end of life solution. It seems to be working."

READ THE FULL STORY >.

4 Continued business expansion

One of the biggest challenges within the hospitality & leisure industry today is around the issue of decoupling business growth from energy and resource use. Energy management is a major focus for hospitality operators, with annual energy costs of £457m per year and cost increases of between 15-18% expected for the sector this year.

It can be difficult for a global restaurant or hotel chain to curb energy bill hikes when the company is undergoing expansion of business operations through mergers, acquisitions or organic growth. As such, 'continued business expansion' was seen as a 'significant' sustainability challenge by 58% of edie's Sector Insight respondents.

Sustainability and energy professionals within the industry have openly admitted the challenges that exist when attempting to roll out a business-wide sustainability programme, particularly when their organisation's operations are global in reach.

A multinational hotel chain might have hundreds or thousands of sites located across the world, each with their own unique regulatory, cultural and social pressures to contend with.

The solution here could lie in simple energy management techniques. In 2017, a benchmarking tool which measured the energy performances of major hospitality businesses including Costa Coffee and Caffe Nero revealed that energy efficiency schemes deliver much quicker profitability than opening new sites.

The Hospitality Sector Energy Benchmark, which included 32 of the leading pub and restaurant businesses, showed that well-planned energy reduction programmes take on average three years to payback, compared with new openings which can take up to eight years. Profitability in new sites is allegedly often lost through inefficient use of energy driven by poor equipment choices and bad operational practices due to lack of training and enforcement. ■

"OUR TOP PRIORITY IS TO CONSISTENTLY EXCEED OUR GUESTS' EXPECTATIONS FOR A GREAT CRUISE VACATION - AND THAT INCLUDES PROVIDING AN EXCEPTIONALLY SAFE, COMFORTABLE AND ENJOYABLE ENVIRONMENT FOR OUR GUESTS AND CREW MEMBERS, WHILE AT THE SAME TIME MAINTAINING OUR DEEP COMMITMENT TO PROTECTING THE OCEANS, SEAS AND DESTINATIONS WE VISIT."

BILL BURKE, CHIEF MARITIME OFFICER, CARNIVAL CORPORATION

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FIVE
SUSTAINABILITY OPPORTUNITIES

Behind every challenge facing the future of the hospitality & leisure sector, there are several sustainability opportunities. Whether it's developing new business models, collaborating with others, or tapping into technological advancements, sustainability practitioners now have numerous options available to put their organisations on a path to doing business better. Listed here are five key sustainability opportunities for the hospitality & leisure sector.
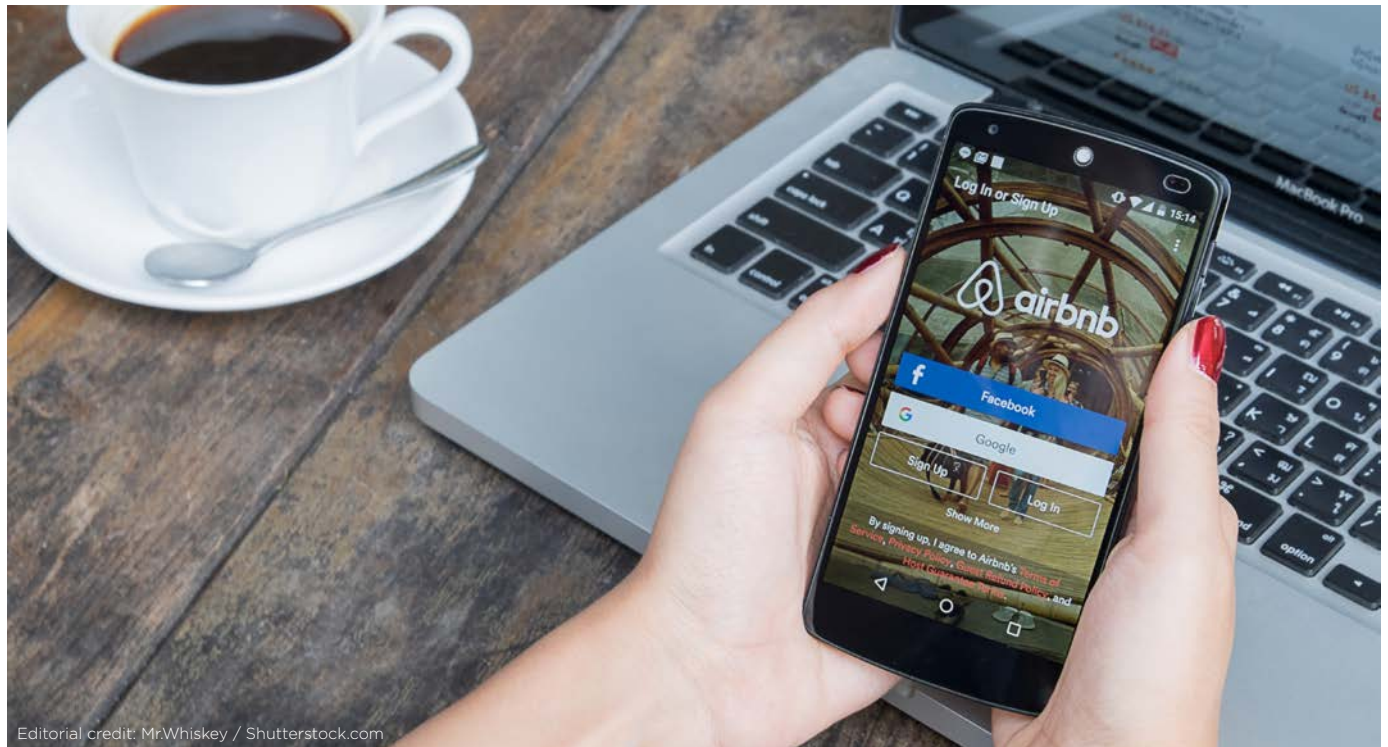
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1 New business models

To prevent global resource constraints taking a stranglehold on the future of hospitality & leisure operations, the sector will need to embrace new business models that focus on resource and energy efficiency. Four in 10 of edie's Sector Insight survey respondents (41%) believe that the transition to new business models offers a 'critical' sustainability opportunity for the future of sustainability in the industry.

Some respondents (24%) claim their organisation has turned to the principles of the sharing economy - an economic system in which services and resources are shared, borrowed or rented, often through online transactions, in an effort to save money, reduce costs and cut waste. Prime business examples of the sharing economy include Airbnb, Zipcar and the Uber Pool car sharing scheme. With sharing, less energy is needed for transportation and production of goods, and less waste is created as everyday products and services are shared among a group of people.

Other hospitality firms are placing a greater focus on these circular economy principles to build resilience, reduce costs and deliver environmental benefits. Wyndham Worldwide, for instance, assisted in the development of one of the first eco-friendly uniform programmes in hospitality. The hotelier developed uniforms made with recycled polyester, such as from plastic beverage bottles, helping to divert thousands of water bottles from landfills and reducing energy consumption by as much as 33% compared to manufacturing virgin fibres from crude oil. ▶

The food waste agenda means that there is a significant opportunity for the food services industry to reduce its costs through circular economy principles. One example of a hospitality business successfully using food waste recycling to deliver significant results is The Savoy in London. A food waste collection and recycling service at the luxury hotel has contributed to a near perfect 100% waste diversion and recycling rate.

2 Energy efficiency measures

Evidence from the Carbon Trust suggests that hospitality businesses can reduce energy costs by 40% through energy efficiency opportunities, and a raft of the sector's top firms have moved to maximise these savings. Some actors have implemented energy management systems and installed energy-efficient lighting practices. Last year, Marriott Hotels unveiled a new energy demand reduction scheme to cut its carbon footprint by implementing an automated signal management system which reduces energy output during times of low demand. The hotelier has also trialled a pot-washing technology in its kitchens that has cut water use by almost 92%. Meanwhile, other emerging areas include sustainable procurement, indoor environmental quality (focusing on air quality and chemical/cleaning product use), and staff training programmes.

As a practical matter, the generally accepted concept is that conservation retrofits must not affect the guest's experience. Many hotels and restaurants are exploring ways to integrate renewable energy into power

systems. This includes 'smart buildings', which integrate energy infrastructure with the data on the user preferences and occupancy levels. Hilton uses the LightStay platform to measure the energy and environmental impact of its 4,400+ properties globally. The platform has reportedly helped Hilton to save around $750m (£580m) in recent years.

The benefits of improving energy performance can go beyond costs. Cash flow that is freed up from lower energy bills can also be used to upgrade facilities and provide better service for customers. Investment in energy efficiency measures can also enhance brand image, which can in turn help both attract customers and potentially command a premium of room rates.

There are many examples of successful onsite renewable energy installations at hospitality & leisure sites around the world. For instance, the Kauai Marriot Resort and Beach Club reported $706,000 in annual savings from a combined heat and power system. Elsewhere, three of Nevada's largest casino companies – MGM Resorts, Wynn, and Las Vegas Sands – have announced plans to buy and produce more renewable energy for their hotels, a move driven both by increasing demand for responsible energy use from the companies that rent their conference halls. Hospitality firms can also consider purchasing renewable energy credits to offset their energy consumption. The San Francisco InterContinental Hotel agreed to purchase renewable energy credits from wind farms to offset 100% of the electricity it uses in order to achieve a LEED certification of its existing facility. ▶

CASE STUDY

Learning from LightStay: How Hilton saved £600m through in-house sustainability

EXCLUSIVE: Hilton Worldwide is continuing to achieve significant environmental and financial savings and driving behaviour change across the business through its state-of-the-art bespoke sustainability measurement platform, the hotel chain's energy and environment manager has told edie.

The global hospitality brand uses the LightStay platform to measure the energy and environmental impact of its 4,400+ properties globally. The energy management system breaks down sustainability performance into simple scores, and provides information on trends and benchmarks.

Speaking exclusively to edie, Claire Whitely explained that the benefits of the in-house system have been substantial - since 2009, Hilton has reduced its energy use by 17%, waste output by 29% and water use by 17%. LightStay has also helped Hilton to save around $750m (£580m) during this period.

Whitely also commented on the positive impact that the tool is having on employee engagement. LightStay's simplified user interface makes it accessible to team members which, according to Whitely, encourages active workforce participation in sustainability practices.

READ THE FULL STORY >

3 Low-carbon transport

The low-carbon transport agenda is seen as a 'critical' sustainability opportunity by 35% of edie's Sector Insight survey respondents. For some major hotel chains, electric vehicle (EV) charging points that enable guests to refuel their cars on the premises are an exciting new opportunity. For instance, Marriott International now offers EV charging stations at 275 of its properties globally. Accor offers charging stations in many of its UK properties, and Starwood Hotels & Resorts began installing EV charging stations in its Elements brand hotels back in 2009. EVs can also help to lower the sector's carbon footprint through greener transportation of goods and products. Earlier this year, online food delivery service Just Eat announced it would be rolling out discounts on low-carbon vehicles to encourage its 28,500 restaurant partners to lower emissions across the UK.

Specific to the commercial airline industry, companies can work to optimise operations and upgrade fleets to increase energy efficiency and the use of renewables. One of Europe's largest airlines, EasyJet, recently announced bold sustainable aviation plans by way of electric-powered airplanes within the next decade. Virgin Atlantic is trialling a 'game-changing' alcohol-to-jet fuel, and last year Alaska Airlines operated the first commercial jet powered by forest biomass. The initiatives can yield cost savings and positively impact shareholder value as a result of an enhanced brand and more effective management of regulatory risks and operational costs.

The hospitality & leisure sector can also benefit from adopting changes in attitudes to business travel. In many cases, a significant element of a company's footprint will be generated by flying, and as a result, most companies say they are trying to make more use of alternatives like video-conferencing. Radisson Blu has introduced its Blue Planet for Meetings, making meetings carbon-free at Radisson Blu Hotels worldwide. For each meeting or event held at a Radisson Blu hotel, the carbon footprint will be calculated and offset through Gold Standard carbon offsetting projects in Guatemala, Malawi and India, linked to water sustainability.

4 Cross-sector collaboration

The development of new cross-sector coalitions and collaborations is seen as a 'significant' opportunity for the future of sustainability in hospitality & leisure by 35% of edie's Sector Insight respondents. Platforms such as the Hospitality and Food Service Agreement and the Courtauld Commitment have encouraged business across the sector to reduce waste and improve the sustainability of key food and drink products. Indeed, WRAP's recent announcement that signatories to the Hospitality and Food Service Agreement achieved an 11% reduction in food and associated packaging waste was a highly encouraging development. A host of hospitality & leisure firms are also active in Champions 12:3 – a partnership of key government, business and society leaders aiming to progress the Sustainable Development Goal (SDG) to have food waste and reduce food losses by 2030.

The International Tourism Partnership (ITP), which acts as the voice for environmental and social responsibility in the hospitality industry, has helped the industry players to work together to move towards low-carbon future through the launch of the Hotel Carbon Measurement Initiative, a voluntary and free methodology to calculate and communicate the carbon footprint of hotel stays and meetings. ITP also runs working groups on water risk, supply chain issues and human trafficking and shares sustainability best-practice with the wider hotel industry. ▶

CASE STUDY

World's largest cruise operator closes in on 2020 emissions target

The world's largest leisure travel company, the Carnival Corporation, looks set to achieve a 25% reduction in carbon emissions before a 2020 deadline, after championing liquefied natural gas (LNG) on cruise ships.

Carnival Corporation established 10 goals to reduce its environmental impact in 2015, setting a five-year timeframe to reach each target. The company's latest sustainability report revealed that a 24.8% reduction in carbon emissions had been achieved against a 2005 baseline, just short of the 25% target for 2020.

"We take our commitment to sustainability and the environment very seriously and take proactive measures to ensure that sustainability is ingrained in the core of our business practices," Carnival Corporation's chief maritime officer Bill Burke.

"Our top priority is to consistently exceed our guests' expectations for a great cruise vacation – and that includes providing an exceptionally safe, comfortable and enjoyable environment for our guests and crew members, while at the same time maintaining our deep commitment to protecting the oceans, seas and destinations we visit."

READ THE FULL STORY >.

Collaboration on sustainability issues can also be seen as an opportunity within hospitality & leisure organisations themselves. A recent study carried out by the London Met Uni on Hotels in England found that 60% of staff interviewed would like to be more involved in sustainable policies at the hotel. The report found that working with colleagues would make for a more pleasant place to work and engagement of staff could lead to an increased commitment to the company.

5 Local sourcing

Hospitality firms have a great opportunity to stimulate local economies. Hotels use hundreds and even thousands of suppliers in every area imaginable for daily operations, and much of this need can be met by local suppliers. An overwhelming 94% of edie Sector Insight respondents believe that the 'local sourcing of key commodities and products' is at least a 'significant' sustainability opportunity.

Recent price rises and the UK's decision to leave the EU have renewed a debate around the UK's dependence on foreign food exports. As things stands, Britain is more reliant on imported food than at any time since the low watermark of UK cuisine in the 1970s. Half of the food that British citizens consume comes from overseas, including 95% of the fruit and half of the veg eaten.

"RESPONSIBLE AS IT IS FOR HALF OF THE COUNTRY'S SPENDING ON FOOD, THE RESTAURANT AND HOSPITALITY INDUSTRY IS IN A FANTASTIC POSITION TO INFLUENCE BEHAVIOUR AND IMPLEMENT POSITIVE CHANGE."

ANDREW STEPHEN, CHIEF EXECUTIVE, SRA

Restaurants and other hospitality firms account for half of the UK's spending on food and has a huge impact on the country's food system. Shortening supply chains can help to develop thriving food networks, support local agriculture and inspire their customers with the freshest food. It also provides greater predictability of delivery times and lower costs. Meanwhile, growing hyper-local food on the premises - whether it's through tending a garden on the hotel grounds or keeping bees on the rooftop - is becoming increasingly popular.

The world's largest hotel operator, AccorHotels, has sought to tackle food waste by planting 1,000 vegetable gardens at its properties. Working with the seasonal calendar provides them with a natural menu creator as well as peak produce at reduced prices. ■

THE LOW-CARBON TRANSPORT AGENDA IS SEEN AS A 'CRITICAL' SUSTAINABILITY OPPORTUNITY BY 35% OF EDIE'S SECTOR INSIGHT SURVEY RESPONDENTS

94% OF SURVEY RESPONDENTS BELIEVE THAT THE 'LOCAL SOURCING OF KEY COMMODITIES AND PRODUCTS' IS AT LEAST A 'SIGNIFICANT' SUSTAINABILITY OPPORTUNITY

CASE STUDY

Sustaining the thrill: How Merlin Entertainments is conjuring up big carbon cuts

EXCLUSIVE: International theme park operator Merlin Entertainments has achieved almost half a million pounds in energy savings over the past two years following the deployment of 'sustainability champions' across the business to drive behaviour change.

The company's group head of sustainability Dare Ilori told edie that more than £460,000 has been saved through sustainability behaviour change programmes with the support of local sustainability champions and facilities managers across Merlin's expanding portfolio of 127 attractions, 19 hotels and seven holiday villages.

"We have sustainability champions on each of our sites and I work with them to achieve our carbon targets," said Ilori, who is speaking at edie Live in May. "Most of these champions are volunteers and they have other responsibilities to manage. We provide training for them through webinars and we are seeing some of them getting very engaged and becoming more ambitious to take on new sustainability projects."

READ THE FULL STORY >

WHAT DOES THE FUTURE HOLD FOR SUSTAINABLE HOSPITALITY & LEISURE?

Technological advancements are set to become the cornerstone of a more sustainable future for our hospitality & leisure practices. In this section, we explore how hospitality businesses can bear the fruits of the Fourth Industrial Revolution to accelerate the shift to low-carbon, resource-efficient business models.

70% OF EDIE SECTOR INSIGHT RESPONDENTS BELIEVE THAT TECHNOLOGICAL ADVANCEMENTS OFFER AT LEAST A 'SIGNIFICANT' OPPORTUNITY FOR THE FUTURE OF SUSTAINABILITY

47% OF EDIE SECTOR INSIGHT SURVEY RESPONDENTS SAID THAT THEY HAD CONSIDERED THE POTENTIAL APPLICATION OF 'AUGMENTED/VIRTUAL REALITY' TO THE SUSTAINABILITY OF THEIR ORGANISATION.

The way that consumers receive sustainable hospitality services is changing dramatically as the industry transforms its products and services to meet the needs of the digital age. Seven in 10 (70%) of edie's Sector Insight respondents believe that technological advancements offer at least a 'significant' opportunity for the future of sustainability in the hospitality & leisure industry.

Many technologies are just emerging that will have moved into mainstream hospitality operation. Artificial intelligence (AI), for instance, is playing an increasingly important role in hospitality, primarily because of its ability to carry out traditionally human functions at any time of the day. AI is already able to deal with basic customer-facing situations: the best example of this so far has been an AI robot called Connie, adopted by Hilton. The robot is able to provide tourist information to customers who interact with it. In a sustainability

capacity, this means that businesses can save significant money, eliminate human error and deliver a more efficient service.

To retain customers, it will be increasingly important for members within the hospitality ecosystem to collaborate. Blockchain technology holds great potential for helping hospitality firms to collectively manage the redemption of loyalty points. If an accommodation firm, airline, car rental agency and coffee chain came together on a private permissioned blockchain network, it could present a whole range of options for the member to redeem loyalty points for sustainability efforts from any of the partners on the network. At each stage of the hospitality & leisure supply chain, transactions can be recorded on the blockchain. This brings in transparency as the hospitality chain can have immediate visibility of the status of products, from farm or factory until it reaches the hotel room. Transparency can be leveraged to increase customers' trust in the brand. ▶

> "IF THE ACCOMMODATION SECTOR IS SERIOUS ABOUT REDUCING ENERGY USE AND ITS CARBON EMISSIONS THE STARTING POINT IS ROBUST DATA. BUT KNOWING THE NUMBERS IS NOT ENOUGH. OWNERS AND OPERATORS MUST UNDERSTAND THE BEHAVIOURS AND PRACTICES BEHIND THEM AND TAKE APPROPRIATE ACTION. IN A NUTSHELL: IDENTIFY, IMPLEMENT AND IMPROVE."
>
> BENEDETTA CASSINELLI, JOINT MANAGING PARTNER, CONSIDERATE HOTELIERS

Virtual hospitality

Within the hospitality industry, VR has become particularly important, because of the amount of information the average customer needs before they will book a room. Virtual hotel tours can allow potential guests to take a look at their room before they book, potentially enabling hospitality firms to promote the sustainability credentials of their operations. While VR is relatively new, leaders in the hospitality space are already experimenting to understand best-use cases: almost half (47%) of edie's Sector Insight survey respondents said that they had considered the potential application of 'augmented/virtual reality' to the sustainability of their organisation.

VR headsets can be used to highlight a location's cultural identity and environmental heritage, which is often what makes the destination stand out so that people find it desirable to visit. Marriot Hotels has already launched VR

Postcards, a series of immersive travel stories that guests view in 3D on VR headsets, while Thomas Cook created a video that lets UK and Germany customers experience a series of virtual reality holidays.

Hospitality companies are betting big on the Internet of Things (Iot) to connect with guests' smartphones and wearable devices. With a mix of new technologies - including IoT, robots and AI - restaurants and hotels can begin to transition customers to self-serve digital check-ins and room-service orders.

Hotel Buddy in Munich is staff-less - guests at the 75-room property use mobile devices to book rooms, check in and pay for their stays. Staff-less hotels save costs in recruitment and training, while clamping down on travel emissions. Conversational software bots could answer sustainability-related booking questions on a daily basis. Chatbots simulate intelligent conversation through text and voice, enabling

humans to converse with computers through their native language. The democratisation of cars could have a profound impact on hospitality. The sector's focus on comfort as its primary focus could become redundant in an era of driverless cars. Autonomous vehicles let riders work, eat and sleep as they drive along.

That increased comfort in cars will likely mean fewer nightly stays at hotels. To combat this commercial threat, hoteliers could seek to maintain relevance by offering daily hotels credits to travellers in exchange for use of a vehicle.

Many of the technological advancements noted above can be adopted and implemented by construction firms now, putting the sector on a unique platform to lead the low-carbon economy. It is up to sustainability practitioners to adopt this leadership stance by convincing other key stakeholders that the time is now for hospitality and leisure businesses to decide what their future looks like. ■

Fuel cell technology to power Radisson Blu Hotel

Global hotel chain Radisson Blu has partnered with energy supplier E.ON to install low-carbon fuel cells at its property in Frankfurt, which will generate a large share of the site's energy needs.

The fuel cells will supply around 3GWh of electricity and 2GWh of heat to the hotel from late summer 2017. The hotel, which has more than 400 rooms and suites, expects to reduce CO2 emissions by around 600 tonnes a year thanks to the on-site technology.

"We are proud to help carry out such a pioneering project – the first of its kind in Europe," said Inge Huijbrechts, vice-president of responsible business at the Carlson Rezidor Hotel Group, the parent company of Radisson Blu.

Huijbrechts said the project will help to bring Radison Blu a step closer to achieving an ambitious goal of reducing the CO2 consumption in the firm's hotels by another 10% by 2020.

READ THE FULL STORY >.