Institute of Hospitality

ABOVE & BEYOND

WHITE PAPER

PIONEERS OF CHANGE – ADVANCING SUSTAINABILITY AND MAKING A DIFFERENCE

in association with

BELU
DRINK THE DIFFERENCE

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by Katherine Price MIH

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ABOVE & BEYOND

CONTENT:

The background

Climate change is already affecting the hospitality sector [1], from the cost of operations to the number of visitors to a destination. Whether directly impacting locations, such as rising sea levels and flooding, or indirectly affecting the food supply chain, no business will go untouched by the increasing challenges a warming climate will pose.

Evidence indicates that 2024 was likely the first calendar year to be more than 1.5°C above the pre-industrial era, the warmest year in the 175-year observational record, with a sea level rise and ocean warming "irreversible for hundreds of years" [2].

But the future is not yet set in stone, and given that the annual carbon footprint of the hospitality industry was estimated at 3% of global carbon emissions in 2022 [3], the sector can have an impact by reducing its contribution to climate change.

There are positives. Long-term warming – for now – remains below 1.5°C [4]. The world generated more than 40% of its electricity from low-carbon sources last year [5], while solar provided more power than coal did to European Union countries for the first time [6].

There are also opportunities, not only in saving money by reducing energy consumption, for example, but sustainability is emerging as a critical factor in employee retention, with over three quarters of hospitality staff saying they are more likely to stay in a job for longer if their employer makes a positive environmental impact, [7] as well as influencing guest choice.

And some support is available, with the government putting £350,000 towards a Zero Carbon Services Hospitality trial until March 2026. This will see more than 600 small and medium-sized hospitality businesses receive free energy and carbon reduction assessments to cut energy costs, support productivity and boost growth [8].

The challenge

The hospitality industry is already facing challenges on a multitude of fronts, from rising costs to labour shortages, which can result in a lack of time and investment to tackle what is seen as a 'long-term' issue while struggling to keep business afloat in the short term. Many hospitality businesses are also located in listed buildings, meaning they may be limited as to what physical changes can be made to improve the building's efficiency and sustainability.

Businesses also need to be aware of the reputational (and financial) risks of 'greenwashing' and not overstating the impact of any environmental initiatives. The term 'greenwashing' was in fact coined in reference to the hotel industry's practice of asking guests to reuse towels to "save the environment", while hotels continued to follow environmentally harmful practices without making real, systemic change.

However, the temptation to do nothing is not an option, not only because of the devastating impact climate change is already having on businesses in the UK, but also for business sustainability.

The UK Government is committed to reaching 'net zero' by 2050, including a 68% reduction in emissions by 2030 [9], which includes developing Sustainability Reporting Standards [10], which would introduce the requirement for UK-listed companies to report sustainability-related information to investors. This could be introduced as early as 2026.

Customers want the businesses they engage with to be ethical and sustainable. The general population is becoming increasingly aware and knowledgeable about climate change [11] and is able to see through 'greenwashing', and more than half of global consumers are worried or anxious about climate change, which will influence their spending decision-making. Corporate travel programmes are already likely to have ESG targets to meet, which will influence the choice of travel and hotel partners.

Meanwhile, sustainability is no longer an optional add-on when it comes to investment, with institutional investors reportedly demanding increasingly higher Environmental, Social and Governance (ESG) requirements [12]. To prevent catastrophic climate change and ensure sustainable business operations, the hospitality industry, like any other, needs to make inroads on its sustainability.

Above & Beyond: Advancing Sustainability and Making a Difference

While sustainability may have previously been a term believed to be confined only to environmental concerns, there is increased understanding of its broader application – ‘sustainable’ ultimately meaning ‘able to continue over a long period’[13].

> It’s about implementing change that is resilient and lasts and becomes embedded... it’s about progress, it’s about identifying what’s next and how do we keep that going? We all acknowledge that the climate issue is not going to go away, so how do we adapt to that effectively?
>
> **Mark Grant MIH, sales director, EP&T Global**

Hotel operators are moving beyond removing plastic straws to impactful initiatives like automated energy management systems, as well as increasingly recognising the importance of previously overlooked areas such as biodiversity and water conservation[14].

To make a real difference to the sustainability of operations, businesses' efforts need to be consistent, every person, all the way up to the C-suite, needs to be engaged and backing initiatives and change, and the impact of efforts need to be measured.

Best Practice

The Hilton London Bankside demonstrated the opportunities sustainability can present in 2019 when it launched the ‘world’s first vegan suite’, generating not only significant media interest but guest attention.

Showing that ‘environmentally friendly’ doesn’t have to mean compromising on the guest experience, the suite features furniture made with pineapple ‘leather’, bamboo flooring and organic cotton carpets. The minibar offers vegan treats, as does the redesigned in-room menu, while cleaning products are non-toxic and non-animal-tested.

The campaign drove both greater brand awareness and consistently higher year-on-year room occupancy rates throughout 2019 [15].

Q&A

Given current regulations and laws, is it possible for Grade II-listed buildings to achieve net zero?

Mark Grant (MG): It’s not as simple as that. There is a very important distinction that building operators and owners need to understand between the two concepts that are important in the net-zero label. These are ‘design efficiency’, which is what architects consider when designing a building and the materials and methods used – embedded carbon. More importantly for occupiers of buildings is ‘operating efficiency’, how carbon efficient is the building when it’s in use? An example: if you build a hotel with the most sustainable and energy-efficient (low carbon) materials, then run it with the heating and cooling on full blast at the same time, it is not carbon efficient! The built environment (buildings) contributes 40% of the world’s carbon emissions. The operation of those buildings contributes 67% of that 40%. So, the issue is very much how we operate our buildings as well as how we build them! So, a Grade II-listed building can most certainly ‘operate’ efficiently even though it wasn’t designed with that in mind. Also, the aim of regulations and laws is not to make buildings net-zero; it’s to remove the least carbon-efficient buildings from the market. This is so they can’t be used to generate income for the owner, which raises the standard of space that is available for people to occupy.

What can we as employees of a business do to achieve the overall sustainability goals of the organisation?

MG: Identify what the result that the organisation wants to achieve is! If you don't know where you are starting from, you can't understand if you have made any improvement. So, you must be able to measure where and when you are using energy hour by hour to identify the unnecessary and inefficient use. You must have access to that data. Looking at the energy bill at the end of the month tells you nothing. So, if you use natural gas (heating water in boilers for bathroom showers and for heating public areas, for example) this is a fossil fuel – you burn it, and it turns into a GHG (Green House Gas). This is contributing to your carbon emissions. If the objective is to reduce your emission levels, focus on what systems and activities use that source of energy and make it more efficient so that less gas is used. Fundamentally, you must have the data to show you where you are starting from. It is not expensive to implement systems to give you this data.

As a member of the ESG committee at my workplace, how can I encourage senior leadership to embrace the culture and implement the broader ideas?

MG: Simple – explain the financial benefit of changing to a more sustainable approach. You will probably need help from an expert to do this. There are plenty of experts who will offer you an assessment and some advice for free. Use these providers because they are motivated to do a good job over the long term by winning your business and building a collaborative relationship rather than making a quick profit to offer an opinion.

When should a sustainability manager be hired? Why do so many hotels still lack one?

MG: Any role in a business is 'hired' to fulfil a role. Those hotels that have sustainability managers have acknowledged they want to dedicate resources and effort to that subject. Those who have not may still be considering how they want to address the subject in a way that is right for them.

Kim Mouflier (KM): Not every business may be able to hire a dedicated sustainability manager. While having one is certainly beneficial, in cases where this isn't feasible, I would strongly encourage involving as many team members as possible in sustainability efforts. Regular meetings, ideally held at least once a month with clear agenda points and an action plan, can be highly effective. Based on our experience at the hotel, we've seen huge improvements and creative new ideas come through this collaborative approach.

Have you found that your customers' or employees' commitment to your brands is influenced by your sustainability credentials?

Alex Matulina (AM): Although customers want to know more about our sustainability credentials, we've never seen a deal-breaker clause about sustainability, so aspects like quality of the service and price are still their priorities by far. For employees, many applicants for jobs at PPHE want to know what we do for sustainability. In theory, we know that younger generations in particular make their career decisions (or at least they say they do) based on a company's sustainability credentials, but there's no clear evidence that they do or don't come to work with us because of that. We are expanding our external and internal communications in this area and also providing regular ESG updates to our recruitment team, so they're able to best communicate our efforts.

KM: Yes, we've found that both our customers and employees are influenced by our sustainability credentials. We actively share our ESG initiatives and results with our team members, guests, and Hilton Worldwide. The feedback we receive is mostly very positive, although we have occasionally received negative comments, such as being accused of "greenwashing", something we've taken seriously and addressed with guests directly. Additionally, we were awarded a generous grant from Hilton's head office to support the implementation of some of our sustainability action plans, which further demonstrates recognition and support for our efforts. Overall, it's clear that our sustainability work impacts brand perception and engagement.

How can we educate our young people about sustainability, noting it's hard to adapt a behaviour?

MG: The reality, I suspect, because it's hard to adapt a behaviour, is that young people can probably teach the older generations a thing or two about sustainability! Young people can still be moulded and coached into desirable behaviours and attitudes. A factor is… cost! The cost of waste, inefficiency, and damage probably has a lower impact on the younger generation. To answer the question directly, we all need to be aware of what 'good' and 'not good' in terms of sustainability mean in a reliable measure so that we have a benchmark. We then measure our activities against that with consistency. A reliable measure that is meaningful and consistent, like Celsius or kilograms, miles per hour, etc. It's objective and transferable across many scenarios. A common metric used in energy use is EUI (Energy Use Intensity). This quantifies how much energy is used in a defined amount of space, so it's transferable. Basically, if you take the total energy used in kilowatt hours (kWh) over a year (it's on your utility bills), divided by the Net Internal Area (NIA) of a building, that gives you the EUI. The way the building is used is a factor (e.g. a factory will use energy differently than a warehouse), and there is 'accepted' guidance on what is 'good and 'not good' to use as a reference.

Which accreditation organisations have you partnered with?

KM: We are certified by GSTC (Global Sustainable Tourism Council), a leading accreditation organisation.

There is a lot of confusion around the EPR [Extended Producer Responsibility] tax on glass bottles. Surely this isn't the answer and do you think there is a better solution?

Nolan Wright (NW): Yes, myself and the team at Belu are not against EPR in principle, but would like it to be fair, which isn't the case with the current model. Belu and the glass industry have been actively lobbying the government to adjust the current EPR logic, as it simply doesn't make sense to group the majority of glass volume that ends up in hospitality settings as applicable for EPR. It's being considered as household waste when, in fact, it is already being collected through existing business waste contracts. The fees for EPR are also disproportionate for glass collection, with the UK price per tonne being almost ten times the fee set in Germany, for example. The other option would be for glass to be included in the DRS [Deposit Return Scheme], which is due to arrive in 2027.

Do different countries have varying cultural attitudes towards sustainability, and how do you unite them to move sustainability forward?

AM: Yes. At PPHE, we have hotels in very international capitals like London and Amsterdam, but also in small towns in Croatia and Belgrade. While these markets cannot be compared in terms of sustainability expectations, in each area of our ESG strategy, we have set targets with slightly different levels of ambition to accommodate those differences. For example, in the UK, we're comfortable with saying that we've achieved zero waste to landfill; however, this is not possible in Croatia, simply because the local infrastructure is not yet ready to accommodate this ambition. Guest expectations will somehow change based on the geographies, but we always try to push the most sustainable practices we can across the whole group.

What is the best way to advise senior management that sustainability initiatives are not short-term costs but long-term investments?

MG: It's important to align your sustainability aspirations with your existing business model and find the commercial (financial) opportunity by bringing them together. This can be achieved by exploring ideas that reduce both business operating costs and carbon emissions. Also, by using decarbonisation as a sales tool to attract carbon-conscious leisure and corporate customers. As a sales tool, you will need to back this up with some facts and tangible evidence, so you are credible and trustworthy.

Do you find that customers ask you more about your sustainability pledges, and have the expectations of the guest experience changed?

AM: In short, yes. Sometimes the interest is genuine, as our clients will have their sustainability targets they need to meet, and we, as part of their supply chain, play a part in that ambition. However, at times, the sustainability questionnaires we receive from clients for requests for proposals are extremely long, asking unnecessarily detailed questions which cannot possibly be used to make objectively more sustainable decisions. With this approach, I have the feeling that some clients are asking questions just for the sake of saying that they do ask these questions and to appear that they have raised the bar around sustainability, without these parameters really mattering much in their decision making and never being a deal breaker.

Shouldn't larger organisations like PPHE and Hilton, with ESG managers, support smaller independent hotels in achieving sustainable operations?

MG: No! It's everyone's responsibility to embrace this issue and do what they can.

KM: Based on my experience and achievements, including GSTC certification, I actively support my own company in promoting sustainable practices across our portfolio of 24 hotels – a mix of both branded and independent properties. We facilitate knowledge sharing through a quarterly best practice forum for hoteliers, which is open to anyone interested in participating. On this occasion, I am hosting the upcoming meeting at our hotel, with approximately 14 London-based hotels expected to attend.

How do you balance sustainability and price? At what point do we just have to accept the higher price for the benefit of the planet?

MG: I don't agree with the assertion that sustainability comes with a high price! If you look at your monthly profit and loss account, identify where you spend the most money to operate your business. Next, look for the sustainability opportunity in the cost of operating – focus on that! One of the top three costs in hospitality is the cost of energy – hotels are a 24-hour business, so you are using energy in delivering your service offering, all day, every day! If you can find inefficiency and unnecessary use, you will make a significant impact on the cost of operating by removing it. Yes, you may need to pay an initial cost to monitor your use and find where the waste is; however, the significant savings you will make by reducing this expensive, high-volume cost will usually give a very quick return on that investment. The more quickly you address this, the more quickly you will see the benefit financially and in reducing emissions.

KM: Being sustainable doesn't have to be expensive, I think, but we do need to be mindful of costs. For example, we started switching some of our cleaning chemicals to eco-friendly alternatives. While we couldn't afford to change everything at once, we identified the most-used products and began there. We also have a clear plan in place to transition the remaining items over time. As long as you have a strategy and stick to it, sustainability is achievable without overwhelming costs.

Do you make an allowance in your budgets for working with more sustainable partners?

AM: At PPHE, we're not there yet but this will be a key part of the conversations at the senior leadership level in the next 12 months. We're currently developing a decarbonisation plan, which will detail how we will go about achieving our emission reduction targets. With that, we'll also look at how large the allocation to more sustainable suppliers and products needs to be. However, there are many ways to reduce the environmental impact of our business without necessarily spending more, but rather by rethinking our operations in terms of food offering, for example, considering the significant impact that F&B has on our overall footprint.

As a B Corp laundry, when we meet with hotels, the conversation is still around getting the cheapest price. How do we convince hoteliers to make the change?

NW: I would be showing the value you bring to them by having reached those sustainability benchmarks, as in what makes you different from a standard price-focused operator. You will still come up against challenges, but you can hopefully show that by aligning with you as a business that is more purpose-led, it's not just about cost per item, but total value over time, including environmental impact, customer engagement and advocacy, great stories to tell, quality, and long-term savings.

Do any of your companies use sustainability to generate income?

MG: If you do something well, use it as a selling point! In a subject area that is not widely understood, such as sustainability, demonstrating leadership because you feel it appeals to a section of the market is something that attracts people. I always encourage hospitality businesses to get ahead of the curve and to showcase what makes them different or special. Be prepared to back it up with facts, but the reality is people like innovation and like to buy from people who have similar beliefs. Equally, providing a service is about solving a problem! If you need accommodation when away from home, then a hotel is a great solution! If you are a business that wants to understand, quantify and report its sustainability credentials, it's a no-brainer to include a hotel that makes that information readily available with trustworthy data on the company travel policy!

Solutions

What gets measured gets changed

Businesses need to understand their starting point to know where they are on the sustainability journey, how they compare with others, and if they're going in the right direction. Regular and accurate measurement of areas like energy consumption, emissions and food waste can help businesses understand how to impact these areas, which to prioritise and how much impact can be made. And such measurement and action need to be consistent – ESG must be a journey of continuous progress and improvement to make a real difference.

Data on the environmental impact of a business that is independently calculated and verified can also help ensure not only accuracy, but that any claims the business makes can be backed up with evidence and avoid greenwashing.

Collaborate with suppliers

Business' supply chain will directly impact their Scope 3 emissions, so choice of supply partners will be critical to businesses looking to truly influence their impact. As well as challenging suppliers to demonstrate they have a plan to make their operations and products more sustainable, businesses can work with their suppliers to support them to improve and help them develop products that are both more sustainable and meet business needs.

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The challenges that you face, particularly within the supply chain, are getting people to come on a journey with you and collaborate with you, because you can't do everything alone, so you've got to take people on that journey and follow it end to end, looking at how can they work with you? What's the best way to work? Is that partner the right partner for us? And actually, are they going to come on this journey and keep on innovating themselves or changing the way they do things because we're asking them to?

Nolan Wright, director of supply chain operations and finance, Belu

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Engage everyone in the business

> We can make it more interesting, we can engage more with our team members, our guests as well, because if more people are involved, there's more impact we can create together.
>
> **Kim Mouflier FIH, hotel manager, Hilton London Bankside**

While C-suite buy-in is critical, it's also key to ensure team members at all levels as well as guests are engaged and enthused to support any environmental efforts. Team members are more likely to continue supporting eco-friendly initiatives if they feel involved and can see the positive impact as a direct result of their actions.

For example, supporting biodiversity by planting trees or wildflowers is a visual, tangible area of sustainability that team members and guests can engage with, or displaying your business' carbon emissions over time.

This also means being open to suggestions from team members, who are well-placed to identify opportunities in their departments that won't negatively impact operations or put excessive pressure on teams. Consider making time during meetings for team members to offer their own suggestions and ideas and empower them to come up with their own solutions – which will also help motivate them if they feel personally invested in the success of the initiatives.

Get new starters on board with your environmental goals from the outset, making the company's sustainable goals part of the induction process and being clear on what this means for individuals on a day-to-day basis.

> There is plenty of evidence that sustainability is so important not just to young people coming into the industry but to people across all sorts of demographics. If you are working for somebody who shares that sort of value with you, you are much more likely to engage with any efforts they're making. You're also more likely to stay where you are and actively contribute. To the C-suite, that's great. That means less turnover, less money you're having to spend getting people onto your team, training them, etc.
>
> **James McComas FIH IS, general manager, Champneys Eastwell Manor, Kent**

Empower ESG managers

To be motivated and able to make a positive impact, ESG managers need the support and backing of senior leadership. To have the best impact, this role needs to be integrated into the business, rather than being seen as an ‘add-on’, and goals and reach need to be clear.

> It’s important that someone in my position – ESG director, ESG manager, whatever the title – has got a clear mandate from the senior leadership team as to what they see them doing. Whatever the ambitions of the ESG manager might be, they need to resonate with the C-suite level – the CEO, the CFO etc. They need to be on board. And it is a two-way street. Someone in my position needs to advise the company what they think is reasonable and sensible and advantageous for the company. At the same time, the senior leadership team needs to be on board and give directions and give someone in my position the mandate to do certain things.
>
> **Alex Matulina, ESG manager, PPHE Hotel Group**

Next steps

1. Measure areas such as energy consumption, emissions and food waste – ideally, this should be independently calculated and verified.

2. Ensure ESG managers have the support and backing of senior leadership.

3. Explore the opportunities across the broad spectrum of ‘sustainability’ e.g. people, communities, and biodiversity.

4. Work with suppliers to support them to make their operations more sustainable or develop more eco-friendly products.

5. Engage guests and teams with visual, tangible initiatives and share the results.

6. Make ESG goals part of the business’ onboarding process.

Methodology

This white paper has been produced following a panel discussion at the Park Plaza County Hall London on 2 June 2025.

Panel

Hosted by
Robert Richardson FIH MI, CEO
Institute of Hospitality

Mark Grant MIH, sales director
EP&T Global

Alex Matulina, ESG manager
PPHE Hotel Group

James McComas FIH IS, general manager
Champneys Eastwell Manor, Kent

Kim Mouflier FIH, hotel manager
Hilton London Bankside

Nolan Wright, director of supply chain operations and finance
Belu

Resources

UKHospitality Roadmap to Net Zero
World Sustainable Hospitality Alliance
The Chefs' Manifesto
Net Zero Now
Zero Carbon Forum
The Sustainable Restaurant Association
It Must Be Now
Edie
Zero Carbon Services Hospitality trial
WRAP

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