



Addressing the carbon challenge

IHG[®] HOTELS & RESORTS

Climate change and a better understanding of its impact on the warming of our oceans, the air we breathe or food we cultivate have reached a larger collective consciousness than at any other time.

What were once widely treated as issues to tackle for the future are now attracting a greater sense of urgency that requires a wider-ranging effort, from national pledges and company investments, to the cars we drive and homes we live in.

Around 2% of the world's carbon emissions come from hotels, so we want to make sure that IHG Hotels & Resorts works with our hotel owners to be a part of the solution. That means ensuring we do everything possible to grow our business in the right way, but perhaps more importantly, being really clear on the challenge we face to tackle what's already right in front of us. Why? Because most of the world's buildings out to 2050 already exist today, including almost 6,000 IHG-branded hotels spanning more than 100 countries.

Globally, the owners and operators of buildings sitting at the heart of our cities and communities must consider their plans for decarbonisation. But it's a complex challenge, requiring some significant costs with varying payback periods, and, while there are a growing number of funds looking to finance green initiatives, government legislation and incentives are still in development.

Journey to Tomorrow

At IHG, part of our 2030 Journey to Tomorrow responsible business plan includes a commitment to creating more sustainable guest stays, by reducing our energy use and carbon emissions in every hotel, in line with climate science. It's part of our purpose to provide True Hospitality for Good, not just for our guests and colleagues, but also for the world around us.

We've called our programme a journey because we're realistic. There's no one size fits all approach, and even with clear interventions to reduce carbon, the other piece of the puzzle is implementation, with respect to the financial means and willingness to prioritise over other investments. But every journey begins with a first step, and we're proud to have helped shine a light for our industry on a path ahead, with the publication of the paper *Transforming Existing Hotels to Net Zero Carbon*.

Art of the possible

Partnering with Arup, Gleeds and Schneider Electric – industry experts in engineering, construction and sustainability – we worked with one of IHG's UK hotels to explore the art of the possible when it comes to decarbonising a property and moving operational energy to net zero carbon. The first case study of its kind, four companies have come together as specialists in their fields to unearth valuable and balanced insights into both the challenges and interventions, including identifying achievable steps that the entire hotel industry could implement to reduce carbon.

We understand that our hotel owners – many of whom are small enterprises – need to focus on recovering from the major financial disruption of the Covid-19 pandemic. IHG is working hand in hand with them to achieve this, alongside promoting the right steps to ensure our hotels can play their part in protecting the planet and future generations.

As the graphic shows, changes range from the simple, like evolving how we allocate rooms, to upfront investments in things like air conditioning or kitchen equipment. To help with some of these solutions, we're strengthening our own data and systems to help hotels meet their carbon reduction targets, and this paper illustrates how lots of little steps can help generate one giant leap.

Cost will always be a consideration for any business. Our paper shows that when accounting for added value to the hotel, either through higher revenues or during sale, the payback for carrying out a range of works to meet net zero carbon targets was likely to be under five years, when compared to the work that would be required anyway. That said, the pandemic has undoubtedly created another challenge for our hotel owners, with 18 months of hardship already faced and low occupancies still a factor, meaning the capital to retrofit may not be readily available.

So, while we will always look at what we can do as a company on our journey to reducing carbon, we will also work with industry bodies and governments to find other ways to support and incentivize the change we all want to see. After all, more than 120 nations have made net-zero pledges, and there is a role for companies to help them understand the challenges involved for different sectors if they are to be able to move forward fast and effectively.

At IHG, we have focused on driving energy efficiency and carbon reductions in our hotels for several years – but we need to go further, faster. This paper helps paint a picture of what is possible. Most importantly, it shows it is possible, and as we find the most efficient approach and support needed to achieve it, we must also remember the potential cost of failure.

Visit ihgplc.com to read the paper

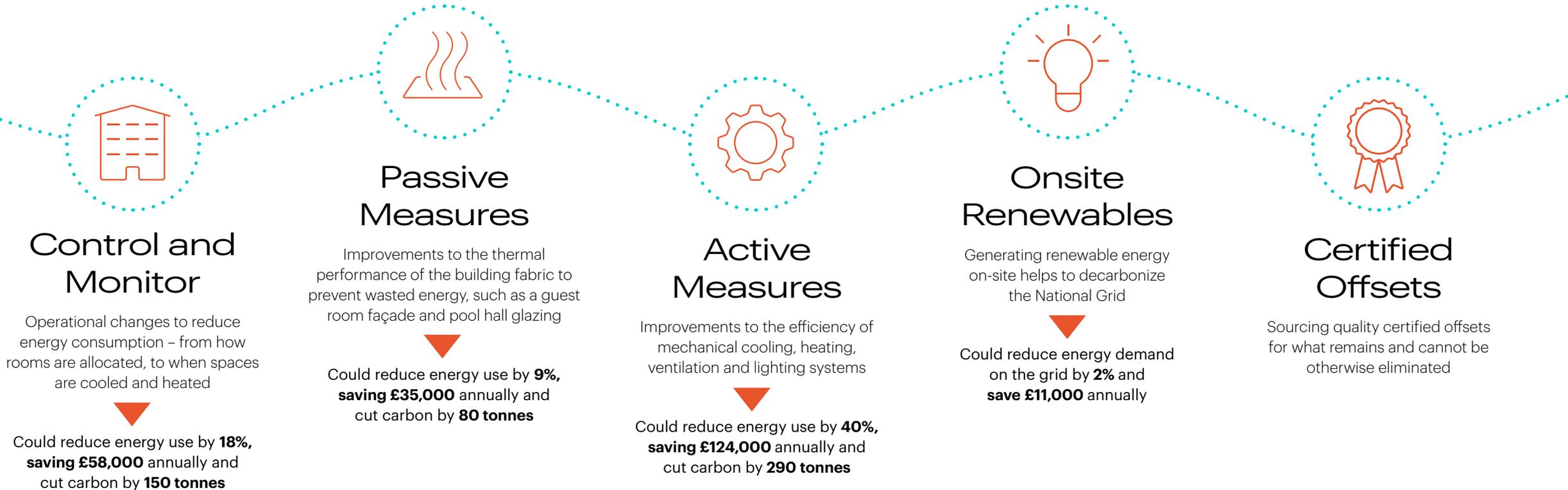




Leading the change

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Our case study identified a potential path to net zero for existing hotels, based on **five key areas** of intervention:



Return on investment

Payback for carrying out works to meet net zero carbon targets (compared to work required generally) is likely to be under five years, when accounting for the added value realised through sale price or higher revenues.

The potential path to net zero carbon for our case study hotel was based on an assessment of carbon reduction, cost, refurbishment cycle and materials/systems interdependencies.

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