



## RCA HOTEL ESG STRATEGY TOOLKIT: A BASIC GUIDE

The RCA ESG Strategy Toolkit is a globally recognized guide drafted by **Red Clay Advisory** for hotel and resort sustainability. The toolkit offers pointers for hospitality stakeholders, particularly those embarking on their hotel development journey and implementing ESG strategies for their existing and/or proposed hotels.

As an open-source resource, the toolkit is free and available to potential and existing hotel owners, investors and stakeholders.

### Developing your hotel's ESG strategy - what you need to know

Developing an ESG (Environmental, Social, and Governance) strategy for your hotel involves taking a comprehensive approach to addressing sustainability issues and creating a plan that aligns with your business goals. It is a framework you employ to evaluate the sustainability and ethical impact of your hospitality investment and organisation.

- **Environmental** factors consider how your hotel's operations impact the natural environment, including climate change, pollution, and resource depletion.
- **Social** factors consider how your hotel's operations impact people, including employee relations, human rights, diversity and inclusion, and community relations.
- **Governance** factors consider how your business is managed and governed, including issues such as compensation, staff diversity, and transparency.

So you may be wondering, why do I need an ESG plan for my existing or proposed hospitality establishment, and how can I develop one?

Globally, ESG conversations have taken centre stage among thought leaders in hospitality businesses. The benchmarks for success in hospitality no longer revolve around profitability alone, but how ESG-friendly and sustainable your hotel is. Hotel customers have also become increasingly aware of the benefits of patronizing hotels that are focused on reducing their carbon footprints, water usage and waste generation.

This piece provides a step-by-step guide on how to build a sustainable and ESG-friendly strategy for your hotel and resort from inception. Stories in this guide are real-life experiences in our dealings with clients from across Africa. We hope you find this useful.



Here are some steps you can take to develop an ESG strategy for your hotel:

**Step 1:** Engage the services of a specialist hospitality development team

**Step 2:** Assess your current sustainability practices

**Step 3:** Set ESG goals and identify areas for improvement

**Step 4:** Develop an action plan

**Step 5:** Create a monitoring and evaluation plan to report progress

### **Step 1: Engage the services of a hospitality ESG consultant**

For starters, you may have heard about ESG and you may have seen how it was implemented in other sectors. You are curious as to how an ESG policy would work for your hotel.

This is where the services of a qualified hospitality ESG consultant come in. The responsibility of the specialist will be to audit, record and implement ESG programmes, policies and procedures for your facility.



## **Step 2: Assess your current sustainability practices**

If you already own a hotel, you can start by evaluating your hotel's existing environmental, social, and governance practices. Conduct an overall review and assessment of your facilities and practices. This can include everything from energy and water usage to waste management, employee diversity and inclusion, community engagement, and ethical sourcing practices.

Why is this very important, you may ask?

A client with a well-known local hotel chain invited us to do a hotel audit for one of their hotels in Southwest Nigeria. The hotel had been built in 2017 but was already showing signs of ageing half a decade later. The investor talked about the high energy costs and increasing food and materials wastage in the hotel, and needed to cut costs or go under.

We carried out a comprehensive audit of the facilities; the entrance of the hotel premises to the landscaping of the grounds, the facilities - lobby, restaurant, kitchen, bars and rooms - and current working practices were all assessed. Our findings revealed that the design of the hotel made it difficult to receive natural lighting and ventilation, hence the need to use more energy-consuming artificial lighting. Due to the erratic power situation of the environment, the hotel spent more on fuel costs.

What were our recommendations? While it would be impossible to do a complete overhaul of the hotel's design and architecture, we recommended a phased strategic remodelling of some of the rooms; some single rooms would have to be combined to create more space with a widened window for better lighting and ventilation, and a skylight design at the top floor to brighten up the lobby and passageways during the day. We also proposed a water conservation plan, and the need to install a solar panel system to save energy costs.

**Tip:** A comprehensive hotel ESG audit by a qualified hospitality consultancy team can help you save as much as 40 per cent in running costs.

## **Step 3: Set ESG goals and identify areas for improvement**



Once you have assessed your current practices, identify areas where your hotel can improve. Focus on the areas that are most material to your business and stakeholders.

Is it in the area of plastic and food waste generation? Can some of this waste be reduced, reused or recycled in-house? Are you importing more of your hotel's supplies, and do you need to source more local supplies? Are your board members talking about saving more money? Which areas would they want you to pay more attention to?

After you have identified these areas for improvement, set specific and measurable ESG goals. These goals should be aligned with your business objectives and should be ambitious but achievable.

**Tip:** Competitor market research may be necessary to look at what other hotels within your environment are doing to save energy costs, reduce carbon emissions and create an overall ESG-friendly hotel. However, what should guide you more should be your stakeholder opinions - your customers, senior-level executives and your ESG specialist.

#### **Step 4: Develop an action plan**

Develop a detailed action plan for achieving your ESG goals. This should include specific ESG actions to be taken in what areas in your hotel, expected timelines, and who would be responsible for the implementation. This makes it easier to track progress and hold your ESG compliance team accountable.

Your action plan should also include a stakeholder engagement plan. In this scenario, your stakeholders are your employees, guests, suppliers, and other stakeholders. Communicate your ESG strategy with them and get their feedback.

This will help build support for your efforts and ensure that you are meeting the stakeholders' expectations in the action plan.

#### **Step 5: Create a monitoring and evaluation plan to report progress**



Regularly monitor and report on your progress towards your ESG goals. This will help you track your performance, identify areas where you need to improve, and demonstrate your commitment to sustainability to your stakeholders.

Your monitoring and evaluation plan should be phased in to allow for proper tracking and strategic improvements over time. Regularly review and update your goals, action plan, and performance metrics to ensure that you are making progress towards becoming a more sustainable hotel.

**Tip:** It may not be enough to focus on the physical and environmental aspects of sustainability in your hotel's design and practices. The human factor is also a critical part of ESG for your business, and how well you promote a friendly and equal workplace culture tells on your brand.

To enable you to develop a sustainable ESG plan, we detail below some of the general strategies you can think of implementing for your hotel. Remember - this is not a one-size-fits-all, and only a qualified ESG specialist can work with you to tailor your ESG strategy to suit the specific needs of your hotel.

By prioritising these ESG considerations, your hotel can not only minimise its negative impact on the environment and society, but also improve your brand reputation, attract customers who value sustainability, and potentially reduce long-term operating costs.

S/N	ESG Policy	Strategy to implement
1	Environmental	<ul style="list-style-type: none"> <li>● Your hotel design should implement green building practices - green landscape with trees</li> <li>● The main building design may feature geothermal systems for heating/cooling and the use of building materials, such as bamboo or timbercrete to reduce carbon emissions.</li> <li>● Renewable energy sources such as solar panels to save energy and reduce carbon footprint</li> <li>● Water usage reduction and waste reduction/recycling should also be a part of the hotel's policy.</li> <li>● Implement sustainable supply chain practices, such as sourcing locally grown or produced food and using eco-friendly cleaning products.</li> </ul>
2	Social	<ul style="list-style-type: none"> <li>● Create a positive work environment for employees, including fair wages and good working conditions</li> <li>● Promote diversity among staff, and opportunities for career advancement in your business, irrespective of colour, age, gender or sexuality.</li> <li>● Do not employ underage workers or make employees work beyond the standard hours stipulated in labour laws.</li> </ul>

		<ul style="list-style-type: none"> <li>• Support local communities - engage with local businesses, offer community programs, and invest in community development and charity work.</li> <li>• Ensure animal welfare by making your hotel pet-friendly.</li> <li>• Implement a disability-friendly plan in the design and operations of your hotel and the facilities in it.</li> <li>• Create diversity in your menu offering, including options for vegetarian or vegan meals.</li> </ul>
3	Governance	<ul style="list-style-type: none"> <li>• Ensure transparent and ethical business practices, including strong corporate governance and management practices.</li> <li>• Endeavour to remain scandal-free and resist the attempt to engage in unethical practices like tax evasion.</li> <li>• Implement policies to ensure guest privacy and data security</li> </ul>

### How can Red Clay help?

As tourism and hospitality consultants, we have vast experience in handling hotel and resort investments in West and East Africa for our clients from inception; we help you navigate the



legal and business environment and advise you through the process of getting your hotel's licensing and registration.

We will also work with you through the following phases of the project:

1. We will conduct the feasibility studies to ensure your proposed hotel project is and guide you to make the best decisions.
2. We work with your hotel architect (or provide a specialist hotel architect on recommendation) to conceptualize and design a sustainable and eco-friendly hotel for you, based on your budget.
3. We also help you create a business plan and strategy to shore up your investments and minimize your financial risks.
4. We will develop your hotel's ESG strategy to minimize environmental, social and governance risks and ensure that your business is ESG-friendly.
5. We will also help you build a DEI strategy to ensure your facilities are accessible and inclusive to all, including persons with disabilities.

In essence, we are there for you all the way through till you launch your hotel or resort and open up to customers.

## **About Us**

Red Clay is a specialist advisory practice focused on harnessing the socio-economic potential of sustainable tourism development for cities, states, regions and countries in Africa. We specialize in strategy advisory for destination development and management, ESG advisory, feasibility studies, market research and intelligence, policy advisory, and capacity development for tourism and hospitality-focused businesses, agencies, organizations, and governments in Africa.

Our team members have worked in the tourism industry in the UK, West and East Africa, and are experienced and passionate about sustainable tourism as an instrument for societal change, with its promotion of heritage, the celebration of culture, and contribution to identity.

See our company profile [here](#)