

“Circularity in the hotel industry and competitiveness: a manual for implementing good practices

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Circularity in the hotel industry and competitiveness: a manual for implementing good practices

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Prologue · UNWTO

The tourism sector has proved both its capacity to recover and its capacity to rise above adversity. As a United Nations specialised agent for tourism, the World Tourism Organisation (WTO) is confident that tourism will recover once again. However, the challenge facing our sector is not only to restore our growth patterns, but to enhance growth.

The closure caused by the COVID-19 pandemic has given us the chance to pause and reflect on the future of tourism. This is especially apt given that the year 2020 marks not only the 75th anniversary of the United Nations but also the start of the 'Decade of Action'; the countdown towards achieving the ambitious goals set in the 2030 Sustainable Development Agenda for the population and for the planet.

A key element to the advancement of the 'Decade of Action' will be how successful we are in promoting Sustainable Development Goal 12, on responsible consumption and production patterns. As with the all the other goals, tourism can –and must– play an important part. Bearing witness to the extent of progress achieved in this sector is truly motivational, and the Balearic Islands are an illustration of this.

The coming together of the UNWTO and Impulsa Balears Foundation has helped in firmly positioning one of the main tourist destinations in the world on the path towards sustainability. The work undertaken by the Foundation has highlighted the importance of the collaboration between the public and private sectors and of adopting a systematic information-based approach in a joint endeavour to transition towards a circular economy.

It is crucial for us not to backtrack on this progress. As one of the major economic sectors on the planet, and top in the area of human interaction, tourism must take responsibility for leading the way to reducing waste and promoting circularity. Tourism also has a unique capacity to bring about a more far-reaching change: travel provides people with long-lasting experiences and sensations, so companies like hotels and restaurants have the chance to lead the way and make a real long-term difference in consumer behaviour.

The UNWTO is committed to working with the private sector, in the same way as with our Member States, in helping companies to adapt to this new reality. Likewise, we have the absolute support of the Impulsa Balears Foundation to reboot the tourist industry in a responsible way and to persist in making the islands of Mallorca, Menorca, Ibiza and Formentera role models for other destinations. Now is the time to achieve ambitious goals, introducing new ideas, and to fulfil the undeniable potential of tourism in building a more sustainable future, without leaving anyone behind.

Zurab Pololikashvili
General Secretary



this requires a scientific and quantitative assessment, like the one proposed in this manual, on how to permanently adopt circularity on a larger scale.

The circular economy enhances safety in the supply chain, ensures a decrease in consumable goods and raw materials and leads to the reuse of the waste produced and lowers the waste management costs. Therefore, it is an institutionally-recognised ecological need. The action plan for the circular economy led by the European Union, or Spain's 2030 Circular Economy Strategy published recently, has some excellent examples. The United Nations Sustainable Development Goals make explicit reference to this matter in SDG 12, sustainable consumption and production. The European Union has also provided a roadmap in the European Green Deal to drive forward the efficient use of resources on the road to a cleaner and circular economy.

But circularity is not only a necessity, it is also an economic and employment opportunity. The World Economic Forum, the European Commission and the European Environment Agency, among others, all highlight the fact that this new economy will map out completely new lines of business, it will generate business opportunities and employment in abundance. Calculations show that even by 2030 a circular approach could mean an additional increase of 0.5% in the European GDP and could create 700,000 jobs in the Continental Europe market. Innovation and technology will be two essential levers which will enable us to progress towards a circular economy. We have the knowledge and the creativity and now is the right time to place them at the service of this cause.

All this is encouragement for the endeavours of Iberostar Group and it feeds our desire to add much more to this. In the following pages we have shared our experience in the hope that it will prove useful for others and that together we can make a noticeable impact in the hotel sector and tourism. We hope that reading this manual is inspiring and enriches the understanding of those who, like Iberostar Group, are totally committed to the transition towards a circular economy.

Sabina Fluxà, Vicepresident & CEO

Gloria Fluxà, Vicepresident & CSO



Foreword

Impulsa Balears has chosen the *i|dossiers* collection to share the development of a new strategic framework aimed at promoting the advancement of the current hotel business model towards the notion of circularity. Based on the conviction that sustainability is a key lever for prosperity by means of a growth pattern that guarantees an efficient use of natural and environmental resources, the circular economy is positioned to be an important road to progress in boosting the global sustainable competitiveness of the archipelago.

From this perspective, the transition towards a circular economy means gradually forsaking the linear approach of 'extract-produce-use-discard' which predominates in decisions on the production and use of goods and services, and to forge a new vision that supports maintaining the functional value of the materials for as long as possible, and with a clear commitment to minimising both the pressure placed on the resources and the generation of waste. Although this undoubtedly means a systemic change affecting all sectors and participants that are the essence of the region, the hospitality sector, with its role in the tourism value chain, is positioned as a significant vehicle for change on the islands.

Indeed, generally speaking, the contribution that the hospitality sector and, in turn, all tourism activities make, both directly and indirectly, towards the aggregated macroeconomics of the archipelago, plus the impact they have on the different environmental pressure markers, which are also closely linked to the current climate challenge, guarantee a noticeable effect regarding the internal consumption of materials and their gradual exclusion from the new aspirations for growth and well-being.

At the same time, it must be noted that now is the time that the hotel sector in Balearic Islands is well-placed to contribute to this transition, spearheading an innovation-based transformation process, adopting new technology and redirecting the accumulated know-how towards reformulating its processes and services. In fact, the main companies within the sector are increasing their standing as proactive participants in this sense, especially with the growing alignment of their plans for environmental corporate social responsibility to their respective business strategies and commitment to fulfil the 2030 Agenda on Sustainable Development Goals.

Given the shortage of general and business-related references which address the practical application of the notion of circularity in the hotel business, [Impulsa Balears](#) sees fit to seek to build its own strategic framework in line with the current precepts and global instruments, aimed at: (i) enabling good practices to be established and monitored among those within the sector; (ii) encouraging circular connections to be created along its value chain; and, in this way (iii) contribute to closing the gap in implementing the global precepts relating to sustainability and tourism at a local level. Hence, the wealth of knowledge and business accumulated by the hotel chains forming part of the [Foundation](#), with expert leadership from [Iberostar Group](#), has been essential for mapping out the strategic vision of the sector in terms of the notion of circularity and valuing the skills they have, at present, to successfully tackle this transition.

This [i|dossiers](#) is therefore regarded as a users' manual, containing the necessary ingredients for applying the decision-making process to a framework which is both broad and flexible enough to be used by different kinds of hotel companies in terms of their nature, size, outlook and areas of sensitivity. As with any strategic approach, there is no single one-size-fits-all in this case either, given that the goals, priorities and sustainable approach of the business vary substantially. It must also be highlighted that the framework is open to any advancement brought about both by the notion of circularity and by the companies within the sector on this matter over time; and we cannot ignore the relatively incipient nature of this matter nor the many opportunities that may arise from the constant emergence of new technologies.

Thus, we can say that the proposed strategic framework helps the hotel companies in deciding on how to steer the current business model towards circularity in exactly the same way as for any of the destination on their portfolio of establishments. Therefore, it is a global proposition and addresses the aim to inspire the development of more circular destinations which is the Foundation's first course of action set out in the joint agreement with the [World Tourism Organisation](#).

Executive summary

The advancement of the current hotel business model towards circularity requires companies to forge a new vision in line with global directives and agendas...

The circular economy is claimed to be an important road to progress in forging new leadership in the tourism industry which, in turn, reinforces the capacity within the sector to motivate global sustainable competitiveness in the Balearic Islands. Under this premise, the islands' hotel sector, due to both its own strength and the transversal nature of its value chain, is in a position to lead the way and act as the 'circularity laboratory' for the rest of the tourism sector and other relevant areas of production within the regional context.

...enabling them to implement good practice strategies aimed at gradually separating their annual growth goals from the use of resources and materials and therefore help address the current climate challenge.

It is essential for hotel companies to have a strategic framework which holistically addresses the decision-making process for any assets and processes which could be affected by the notion of circularity, in order to set out new lines of action and, ultimately, identify key indicators on the progress of their circular strategy.

In this context, a hotel sector circularity framework is proposed comprising three building blocks or strategic pillars, which presuppose that all circular strategy will lead to management of the available resources...

Companies can firstly support their transition towards the notion of circularity by the effort they are willing to make towards investment, innovation, and governance so as to strategically guarantee the potential of their circular strategy.

...modernisation of the internal processes...

Given the nature of the hotel industry's activity, the companies' capacity to establish a value chain which operationally guarantees the integration of their circular strategy can be channelled on a wide scale through the allocation of assets, supplies and the provision of services.

...and the participation of the primary stakeholders or interest groups.

The hotel companies' capacity to involve their employees, suppliers and clients is highly relevant in order to guarantee the impact of their circularity strategy from the cultural perspective of the organisation.

Hence, to help the strategy translate into action, the framework proposes incorporating guidelines for circular planning for the policies and instruments on which the management of the available resources is based...

Indeed, the companies' potential to strengthen their assets, reinvent their value proposition and reorganise themselves by implementing a structure which is permeable to change, essentially determines the strength they have to consider new circularity goals.

...guidelines on circular consumption and production for materials and resources used in the companies' internal processes...

Overall, it is about understanding the purpose of each of the materials and resources in terms of value creation, so as to incorporate the notion of circularity with the guarantee that the end quality of the service is preserved and that, ultimately, circularity is encouraged throughout the rest of the system.

...and guidelines on the commitment to circularity in the relations established by the companies with their primary stakeholders.

From this perspective, the key is to provide the different interest groups with support in the roles and/or functions they carry out within the business, especially those with the potential to have a major impact on implementing good circular practice. And we must bear in mind that they all have direct contact with the materials and resources which sustain the activities in the hotel industry, whether this be treating them, producing them or, in the end, using them.

Undoubtedly, implementing good circular practices means that the companies must undergo constant monitoring to check that the annual goals set in their circularity strategies are met.

Indeed, this monitoring is strictly necessary in order to assess some broader questions, such as whether through this circular progress the company's strong points really are enhanced, whether they are adequately capitalising on the results obtained and whether, therefore, a real impact can be seen on the profit and loss statement, or whether in the end some of the current strategy points need to be adjusted.

To this effect, the framework proposes a metric which allows hotel companies to transfer their strategic vision to a balanced and integrated system to track the circular progress of the business...

The aim is to ensure that companies, overall, are able to measure and set goals in line with the potential, integration, and impact of their circular strategy, using segmentation to implement good practices throughout their portfolio of establishments, comparing their progress with the rest of the sector or similar companies and, ultimately, providing feedback on their strategic vision by setting new priorities and introducing new lines of action.

...and accomplishing this by having a list of key indicators or key performance indicators (KPIs), which are directly linked to the good practices used...

What is being done, how is it being done, who is doing it and how far have they come, are all key questions to ask regarding the company's ongoing lines of action aimed at tracking the progress of the notion of circularity. Therefore, it is essential to establish key indicators both for the company itself –as developing the strategic vision starts at the core of the company– and also for each establishment –because the progress and evaluation of the good practices implemented happen at the different sites on each and every company's portfolio.

...and easily incorporated into each of the companies' standard information systems and reporting practices.

From this perspective, bringing the established indicators in line with the current global reporting standards on sustainability matters (GRI Standards), the matters considered in the environmental certification systems (ISO 14001, EMAS, Earthcheck and Travelife, etc.), the information systems for investors (RobecoSAM, IRIS+ network, etc.) and the support tools for adopting global frameworks (UN Global Compact, Ecopreneur, among others), all contribute to connecting the circular strategy to the core of the business and, clearly, to accelerating the decision-making process.



13 slogans for promoting the progress of the current hotel business model towards circularity

Guidelines for circular planning

1. **Allocate:** guarantee the necessary resources in order to implement good circular practices.
2. **Align:** link the available resources to the circularity goals and priorities set by the company on an annual basis.
3. **Channel:** identify the resources with potential for implementing the company's good circular practices in a proper and timely manner through its core units and its portfolio of establishments.
4. **Assess:** evaluate the outcomes from the specific application of resources in fulfilling the company's short and medium-term circularity goals.

Guidelines for circular production and consumption

5. **Reduce:** decrease the volume of materials or resources used in the company's production process whilst maintaining the quality in the standard of the services provided.
6. **Recycle:** rescue materials or resources and use them for the same or a different purpose within the company's production processes or in other parts of the system.
7. **Reuse:** reintroduce material or resources into the company's production processes or into other parts of the system, using them for the same purpose and maintaining their original form, after performing a minimum amount of maintenance or cleaning, either as a whole or in parts.
8. **Restore:** return materials or resources to their original optimal function so that they can be used in the company's production processes or in other parts of the system after replacing or repairing their main components or enhancing their appearance.
9. **Remanufacture:** disassemble and rescue the components of the material or resource to make something else that will be reintroduced into the company's production processes or other parts of the system.

Available resources

Internal processes

The primary
stakeholders

Guidelines for commitment to circularity

10. **Raise awareness:** promote stakeholder awareness by producing information on the company's goals and the implementation of good circular practices.
11. **Empower:** ensure that the stakeholders have the capacity and the means to perform in accordance with the standards of good circular practice to be implemented by the company.
12. **Mobilise:** promote real and effective action by the stakeholders in implementing the company's standards of good practice using motivational methods and offering incentives.
13. **Acknowledge:** encourage the stakeholders to get involved in the company's different stages of implementation of the good circular practices and foster an environment of ongoing feedback.

I. *Introduction*

Sustainability is a fundamental lever for success by means of a growth pattern that guarantees an efficient use of natural and environmental resources. Activating this lever is something that appeals particularly to tourism, given that these resources play an extremely relevant part in the production and consumption processes of the services they offer. So much so that environmental sustainability is recognised today as one of the pillars of tourism competitiveness,¹ as it promotes new opportunities –especially in terms of differentiation– and in this way it ensures the appeal of countries and regions as future destinations.

In the Balearic Islands, the latest i|ICT results suggest that the treasured benefits that these islands have in view of their intrinsic natural and cultural resources, can be capitalised on as long as the decision-making sees a shift from focusing solely on its resources to truly and effectively maximising on them from the tourism perspective. The advantages that the islands have in terms of the tourism demand and the availability of natural assets (39 to 280 regions) goes hand in hand with the important challenge of improving the urban planning processes for tourist areas and maintaining the balance between the natural and environmental resources in the region (position 158).²

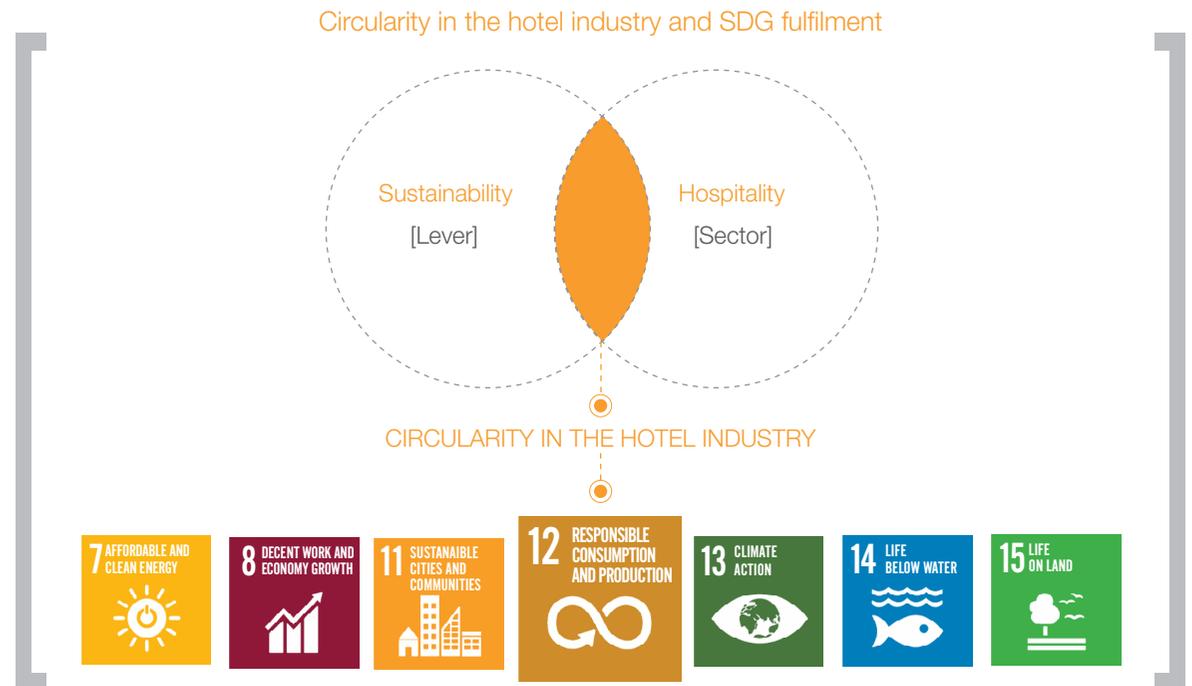
In this context, the circular economy is considered to be an important road to progress towards creating new leadership in the tourism industry which, in turn, reinforces the industry's capacity to boost global sustainable competitiveness in the archipelago. The route towards a circular economy involves embracing an innovative approach, which heavily relies on process optimisation and the redesign of products and services, and thereby enable the consumption of resources and goods to be separate from the expectations of growth and development in the sector.³

¹ See the definition of pillar 10 'Environmental Sustainability' in *The Travel and Tourism Competitiveness Report 2019*. Geneva: World Economic Forum, 2019.

² i|ICT places the Balearic Islands on a tourism competitiveness ranking system formed of 280 regions from 38 different countries which continue to be active as alternative short and medium distance tourist destinations in terms of the main emerging markets on the Islands.

³ See the results obtained in *Baseline Report on the Integration of Sustainable and Production Patterns into Tourism Policies*. Madrid: UNWTO, 2019.

Generally speaking, the importance of abandoning the linear approach of ‘extract-produce-use-discard’, which predominates over the decisions made in production and consumption, in favour of a new vision which vouches for maintaining the functional value of goods for as long as possible so as to minimise both the pressure on the resources and the generation of waste, has been heralded by the main international bodies and institutions, the majority of which totally understand the role of tourism. At a global level, the United Nations believes that the circular economy will speed up the 2030 Agenda and that tourism can make a significant contribution to the fulfilment of sustainable development goals,⁴ and specifically by having targets which are directly related to SDG 12 · Responsible consumption and production, as well as SDG 8 · Decent work and economic growth, and SDG 14 · Life below water. All in all, we must bear in mind that, generally speaking, circularity is linked to other goals, such as those which seek to improve matters relating to affordable and clean energy (SDG 7), sustainable cities and communities (SDG 11), Climate action (SDG 13) and Life on land (SDG 15).



⁴ See the Resolution approved by the United Nations general assembly, 25th September 2015, ‘Transforming our World: The 2030 Agenda for Sustainable Development’, reference A/Res/70/1.

Undoubtedly, some questions do appeal directly to the development of tourism, in general, and to the activity within the hotel industry, in particular. Indeed, close monitoring of the impact on different environmental pressure markers is essential as they are intrinsically linked to the current climate challenge and, in turn, are what gives the destination its appeal. From this perspective, by driving the current hotel business model towards circularity means a gradual lessening of the internal consumption of goods which helps to control the carbon dioxide emissions; and this, in the context of a growing demand in tourism will contribute to the fulfilment of global agreements currently in place to reduce the temperature of the planet. Incidentally, we must bear in mind that according to the estimations available,⁵ accommodation services account for 21% of the carbon dioxide emissions generated within the tourism sector, which is lower than the figure for transport, especially by air (40%), and which therefore explains the contribution of one fifth that tourism has, overall, on the global anthropogenic emissions (5%).

Therefore, it is not surprising that the European Commission places the circular economy at its core when drawing up a new growth strategy which has the capacity to achieve a climate-neutral continent in 2050 and, at the same time, ensures long-term competitiveness.⁶ The importance that the institutions of the European Community place on circularity is reflected in the measures established both in general –regarding product design, consumption, innovation, and investment– and also specifically –regarding electronic components, vehicles, packaging, plastics, textiles, construction and demolition and the food chain–, which are all contained in the new circular economy action plan.⁷

Overall, these are directives which currently focus establishing the Spanish Strategy on Circular Economy in which tourism features as one of the five priority sectors.⁸ It is true to say that tourism, and hospitality in particular, are very well positioned to contribute to the systemic transition towards a circular economy. In general terms, the transversality of its value chain means that the hospitality sector can weave circular relationships with their primary stakeholders and, as such, have a positive impact on (i) the production chains, by the demands made on their numerous suppliers; and, (ii) the consumer habits of its clients, by the motivation resulting from the provision of different services. From this perspective, the hotel sector is in a position to play an important role as a ‘circularity laboratory’ and thus show how it introduces

⁵ The figures for emissions 2005 are shown in the recent study *Transport-related CO2 Emissions of the Tourism Sector – Modelling Results*. Madrid: UNWTO and International Transport Forum, 2019.

⁶ In this sense, the European Green Deal [See, COM (2019) 640 final] is considered to be an answer to climatic and environmental challenges that promotes separating the use of resources from economic growth as one of the principal routes to progress for the European Union. To this effect, a new plan of action for a circular economy is being drawn up.

⁷ See *Circular Economy Action Plan. For a Cleaner and more Competitive Europe* at <https://ec.europa.eu/environment/circular-economy/pdf/new_circular_economy_action_plan.pdf>.

⁸ Consult the document *Circular Spain 2030. Spanish Strategy for a Circular Economy*. Draft for public information, February 2018.

circularity measures into the rest of the tourism sector and other relevant areas of production within the regional context.

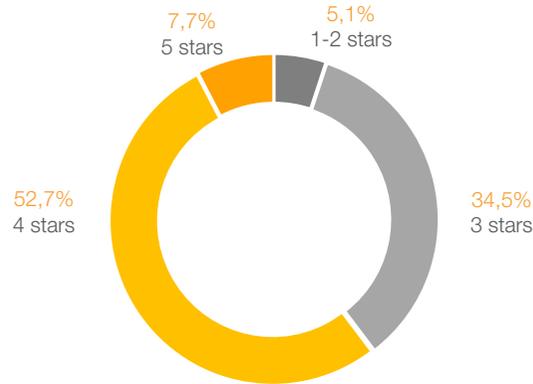


It is particularly worth highlighting that according to the latest results from [í|especialización](#) the hotel activity in the Balearic Islands generates a value added which exceeds an annual amount of 3,500 million euros, from which it makes a direct contribution of around one sixth of all the services and accounts for one in every ten jobs within the production network of the region. Creating value added in the sector is dependent on the hotel sector having a provision of 1,429 establishments and 341,976 bed-places, which is over three quarters of the capacity of the islands' tourist accommodation (77.6%).⁹ In more specific terms, hotels provide two out of every three of the bed-places in the whole of the hotel sector's provision, bearing in mind that over half of these are currently ranked in the superior category (60.4%, 4 and 5 stars). Based on these figures, the Islands are ranked third in terms of the number of room-stays they offer and have the greatest capacity compared with their strongest nearby competitors. The way in which this capacity is managed contributes significantly to the position of leadership held by the archipelago regarding tourist facilities (2nd out of 280 regions); a basic pillar of the tourism competitiveness in the Balearic Islands.¹⁰

⁹ Figures from IBESTAT for the 2018 tax year.

¹⁰ Results from [í|ICT](#). See note 2.

Distribution of hotel bed-places by category



* Figures for the 2018 tax year
Source: compiled by authors based on data from IBESTAT

For this part of the picture, the advancement of the current business model towards circularity means a significant source of potential benefits, according to the extent to which the companies are allowed to foster the creation of more value derived from efficiency and innovation, and also improve their position using differentiation. Besides, the sector sees the circular economy as a large contribution channel leading to sustainable global competitiveness within the context in which it operates, clearly aimed towards the worldwide goals and agendas.

General mandate

In order to deliver this mandate, companies in the hotel sector operating on the archipelago need to develop a new strategic vision with potential to implement good practices through their core units and, specifically, through their portfolio of establishments. In order to make this task possible and, given the shortage of global references for tackling the practical application of the notion of circularity to the hotel business sector, this *idossiers* provides a strategic framework comprising three different levels:

- (i) In level one, the framework is structured in the form of building blocks or strategic pillars which refer to major areas in the decision-making process and are key to companies forging a new strategic vision for the business which embraces the notion of circularity.

“ To promote the advancement of the current business model for the hotel sector towards circularity as a road to progress in boosting the global sustainable competitiveness of the Balearic Islands.

- (ii) In level two, the framework has targeted content for each of the building blocks, a set of target areas (vectors) on which companies can develop lines of action on which to base further good circular practices.
- (iii) Lastly, in level three the framework has a metric which, as an integrated tracking system, enables companies to monitor and assess their circular progress.

Overall, creating this framework will lead to a set of strategic targets based on incorporating different circular approaches into the decision-making processes for the assets and processes of the hotel sector which could be affected by the notion of circularity.

II. *Forging a new strategic vision*

The advancement of the hotel sector's current business model towards circularity requires companies to forge a new strategic vision to allow them to implement good practices for separating their annual goals for growth from the consumption of resources and goods, both within their core units and, specifically, in their portfolio of establishments.

For this task it is essential for hotel companies to have a strategic framework which addresses, from a holistic perspective, the decision-making process regarding the assets and processes affected by the notion of circularity, in order to map out new lines of action and identify, in the last instance, key progress indicators regarding the progress of their circular strategy.

The proposal put forward by *Impulsa Balears* is derived from a process of transfer and exploitation of the wealth of knowledge and experience that the hotel chains have accumulated which make up the critical mass of the Foundation.¹¹ From this perspective, the current circularity framework for the hotel sector has been developed based on the practical reality of the business and therefore the results obtained can be effectively included in the companies' current roadmap.

It must also be noted that, notwithstanding the differences in size, approach or sensitivity between the business units contained within the Balearic Islands hotel sector network, the results emanate from creating an exercise in shared knowledge which guarantees a common vision capable of: (i) ensuring overall advancement in the sector and, as such, having an accumulative effect on the tourist and regional network; and, (ii) backing the adoption of sector-specific commitments concerning the current global goals and agendas.

As with any strategic approach on sustainability matters, the hotel sector circularity framework adopts the stance that an effective implementation of any value proposition of this nature must be carried out

¹¹ Impulsa Balears has 13 hotel chains operating on the Islands with a total of 155 establishments, 86.5% of which are classified as superior (4 and 5 stars). These figures account for approximately 1 out of every 5 hotels in the Balearic Islands, and even though its know-how actually responds to its multinational experience, altogether it manages a portfolio of 640 hotels throughout the world.

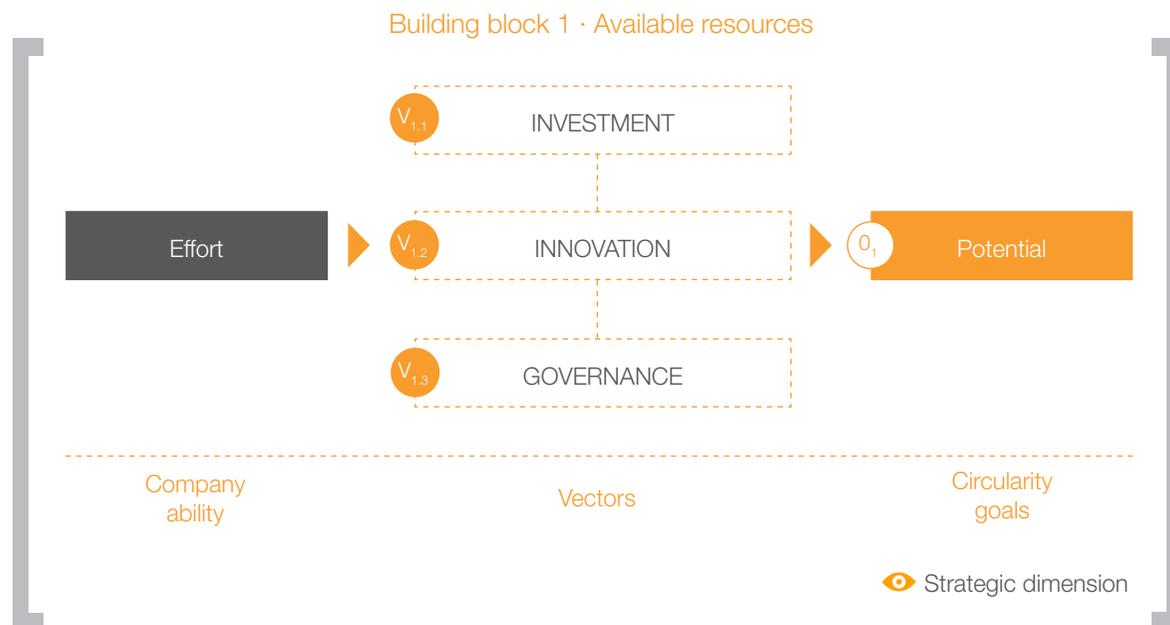
from a threefold perspective, which combines the strategic, operational and cultural dimensions of the companies.¹² Only in this way is it possible to connect the notion of circularity to the core of the business and, consequently, capitalise on its strong points.

To address this matter, the framework is structured in three building blocks or strategic pillars based on the assumption that any circularity strategy in the hotel sector will lead to a transition which will have an effect on: (i) managing available resources; (ii) modernising internal processes; and (iii) involving the primary stakeholders or interest groups.

In this way, companies can firstly, rely upon the capabilities generated by the efforts they are able to undertake, using available resources to strategically harness the potential of their circular strategy. To do this, circularity points to three important target areas (vectors):

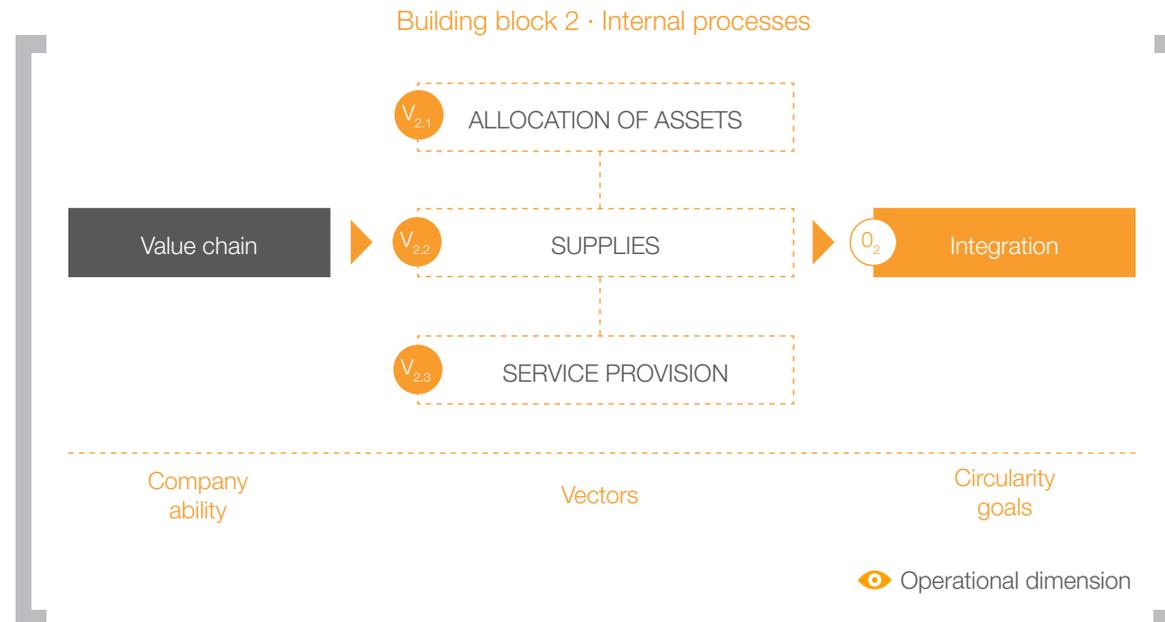
- Investment, in different types of capital, whether physical –when incorporating new establishments on the portfolio or expanding and modernising existing ones–, human –from recruiting new employees to providing training and remuneration for the entire workforce– or technological –both in terms of purchasing equipment and the effective integration of the new functionality that such equipment offers.
- Innovation, in the design and improvement of products and services, the principal management processes –relating to the administration of resources and personnel, the accounting or the company’s computer information systems– and marketing –from promotion policies to sales and distribution channels.
- Governance, in outlining goals and defining the strategic vision of the business –via the strategic plan, the corporate social responsibility policy or risk management system–, the hierarchical structure and job descriptions, and also establishing protocols and processes that oversee the functioning of the different areas within the company.

¹² Following the UN Global Compact recommendations. Its *Roadmap for Integrated Sustainability* shows the importance of adopting this three-fold perspective when the new vision to be implemented is of high priority both on the influence it has on the main business strategy and also on the importance it is given in terms of the company’s actual sustainability goals. Go to <www.unglobalcompact.org/take-action/leadership/integrate-sustainability/roadmap>.



Target areas (vectors) that sustain the companies' capacity to develop a value chain to operationally ensure the integration of their circular strategy. Indeed, the nature of the hotel sector activity offers its leadership plenty of scope to operate through their internal processes, from those who are chosen and assign the materials and resources over those who develop and provide all the services. For this reason, they are based on relevant target areas (vectors):

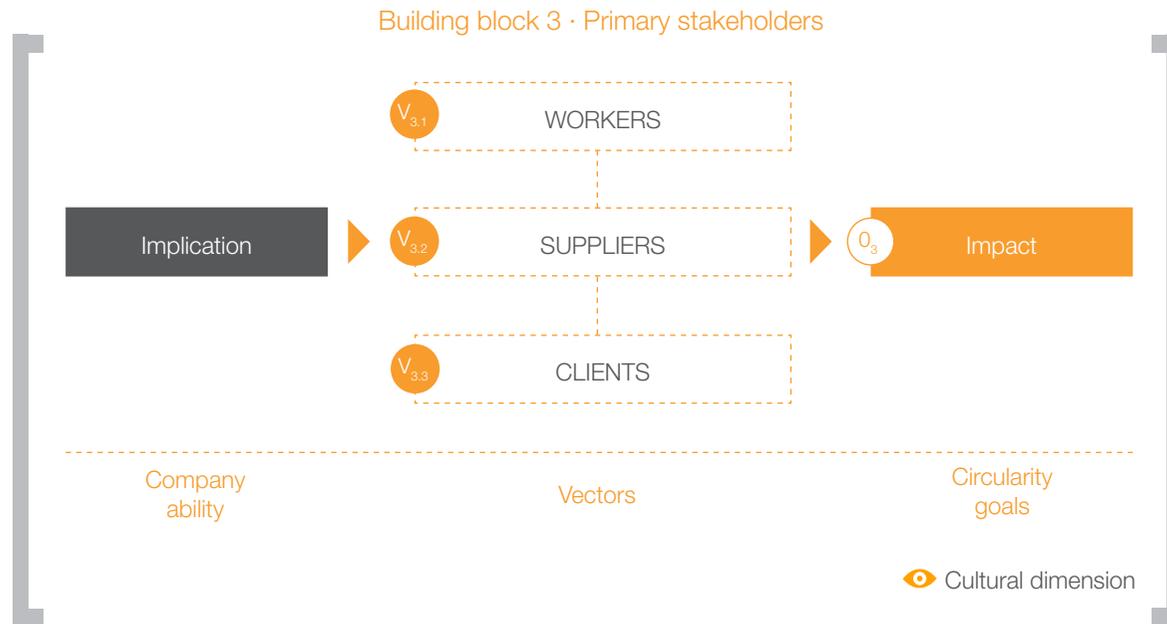
- The allocation of assets relating to the construction of buildings, technical installations –generally those associated with the provision and use of energy– and the water network –in terms of both access to the resource and the drainage– which service the portfolio of establishments.
- Supplies, relating to different areas on the company's purchases list, from energy and water supply to food, textiles, chemical products, cosmetics and toiletries, stationery and signage, furnishings, equipment, and vehicles, etc.
- The service provision, relating to the type of services in the accommodation, catering, leisure, and commercial activities that take place in these establishments.



Additionally, companies cannot ignore the importance of their ability to involve their primary stakeholders in order to ensure the impact of their circular strategy from a cultural perspective. Indeed, companies will fail to progress towards the notion of circularity without the active participation of the groups that have direct contact with the materials and resources that the activity is based on. Therefore, as well as other interest groups, such as the shareholders or investors, or the local communities close to where they operate, there is a need to build upon the key target areas (vectors):

- The workers, because of their direct connection with the company's strategy, action, and monitoring of its circular progress in the core units, and also in the treatment of the resources and goods that sustain the different services in each and every one of the establishments.
- The suppliers, in their role as manufacturers or distributors, wholesalers and intermediaries, because of how they can influence those who provide services to the companies in the hotel sector in terms of design, composition and delivery methods for the products and services.

- The clients, guests, as they are direct users of the goods and services inherent to the services they require; but also the B2B clients, as they are marketers for the room-stays in the company's portfolio of establishments.





III. *Developing new lines of action*

The circularity strategy of companies in the hotel sector is developed through the real and effective implementation of good practices which can cause a shift in the relationship between the business and the materials and resources that service its activity, and also those involved in their value generator chain.

From this point of view, turning strategy into action means incorporating the company's notion of circularity into its usual decision-making process. Therefore, the proposed framework is built upon the premise that circular progress does not imply opening up new areas for decision-making, but to naturally and transversally attribute new 'verbs' to those who are currently leading today's business models.

In order to support this process, the framework gives every building block or strategic pillar a set of circularity guidelines which, when applied to the assets or processes within the notion of circularity, lead to a wide range of new lines of action in which to include the implementation of good practices.¹³ It must be noted, in any case, that the proposed development of these lines of action is flexible enough to allow for companies in different situations and predispositions to embark on the circular transition, and also for the ever-changing opportunities and requirements of the sector (in technology, regulations, commerce, etc.) and, clearly, the global notion of circularity.

III.1. Building block 1 · Available resources

Incorporating guidelines for circular planning¹⁴ into the policies and instruments on which the management of the available resources is based, opens up the companies' relevant lines of action in investment, innovation, and governance.

¹³ In total, 125 lines of action have been drawn up ranging from introducing a set of 13 circularity guidelines to reaching decisions on 103 items relating to the hotel sector.

¹⁴ Following widely-accepted management principles and practices.

Allocate

“*Guarantee the necessary resources in order to implement good circular practices.*”

Indeed, to start with, we must realise that the companies' overall potential to strengthen their assets, reinvent their value proposition and reorganise themselves by implementing a structure which is permeable to change, essentially determines the strength they have to consider new circularity goals.

Guideline for circular planning 1

From this perspective, the initial lines of action deal with the need to guarantee sufficient resources to undertake any circular strategic plan, and primarily, in terms of the following:

- The investment for expanding and/or modifying the current provision of physical, human, or technological capital for the purpose of circularity, and as a starting point.
- The staff responsible for the design and/or modification of the services provided by the company.
- The involvement of the governing bodies, and also the CEO, in the advancement of the circularity business model.
- The presence of mechanisms for interdepartmental coordination, establishing multidisciplinary teams and communication between the different levels within the organisational structure.
- The formalisation of the processes that govern the operation of the different areas of the company's head-offices and core business units.

Likewise, the transversality which is inherent to the notion of circularity applied to the hotel business sector explains the need to convert such a notion into an active criterion within the different decision-making processes that affect the resources available to the companies for carrying out their annual activity plans.

Guideline for circular planning 2

This means it is necessary to maintain lines of action which foster and preserve the importance of circularity by:

- Establishing minimum requirements for the purchase and use of new establishments.
- Developing the company's circular outlook by means of evaluation processes for new candidates and training plans for the staff.
- Considering plans for improving the effectiveness of management, as well as digitalising the company's processes.
- Establishing short and medium-term corporative goals.
- Combining the company's protocols and operations processes based on the international circularity criteria in force.

However, companies need to plan their advancement towards the notion of circularity properly as not all its units and establishments will have the same potential to generate maximum impact with minimum effort.¹⁵

¹⁵ Hence, we bear in mind that good circular practices can have a different direction and/or impact potential for companies within the hotel sector which have establishments in several destinations or locations, as well as operating in different environments (urban, vacation, sports, etc.)

Align

“ *Link the available resources to the circularity goals and priorities set by the company on an annual basis.*

Channel

“ *Identify the resources with potential for implementing the company’s good circular practices in a proper and timely manner through its core units and its portfolio of establishments.* ”

Guideline for circular planning 3

This is based on setting out lines of action using segmentation to progress towards the circularity strategy, considering:

- The priority installations and equipment, due to their current condition and their significance in terms of the company’s annual circularity goals.
- The link between the different groups of workers and the good practice strategy that must be implemented, both in the central services and throughout the different establishments.
- The coordination between the distribution of functions that the company’s hierarchical structure offers, and the circularity goals assigned to each job.
- The repercussions of the different operational processes on the total consumption of the company’s materials and resources.

In this context, providing scenarios is essential when assessing the advancement implicit in the different good circular practices, which companies may otherwise be ready to implement in line with their available resources.

Guideline for circular planning 4

This essentially means maintaining lines of action, focused primarily on:

- Saving materials and resources which are essential to the provision of new installations and/or equipment, professional profiles, and technological integration.
- Analysing current regulations in the different locations where they operate or intend to operate in conjunction with local supply chains or management systems and waste management, etc.
- Improvements in terms of effectiveness and positioning, resulting from service innovation and marketing channels.
- Monitoring the company's circular strategy.
- Detecting possible bottlenecks in the corporate structure which could impede the circular progress.
- Examining the company's protocols and operative processes both internally –according to the results obtained from the good practices implemented– and externally– by having audit inspections and certification.

Assess

“Evaluate the outcomes from the specific application of resources in fulfilling the company's short and medium-term circularity goals.”

Circularity and management of available resources

GUIDELINES FOR CIRCULAR PLANNING



Allocate



Align



Channel



Assess



POLICIES AND INSTRUMENTS

V_{1.1} INVESTMENT

V_{1.2} INNOVATION

V_{1.3} GOVERNANCE

Physical capital:

- Expansion
- Acquisition / Expansion
- Renovation / Modernisation

Human capital:

- Selection / Incorporation
- Training / Development
- Remuneration

Technological capital:

- Acquisition / Expansion
- Renovation / Modernisation
- Integration

Products and services:

- Creation / Design
- Improvement / Modernisation

Management:

- Information systems
- Accounting and payments
- Resources and staff

Comercialisation:

- Promotion / Publicity
- Sales channels/ Distribution

Strategic vision and goals:

- Business model
- Strategic business plan
- CSR policies
- R+D+I Policies
- Risk management systems

Structure and functions:

- Organigram
- Hierachies / Dynamics
- Internal communication

Protocols and processes:

- Manuals



LINES OF ACTION TO ENSURE THE POTENTIAL OF THE CIRCULAR STRATEGY

* The policies and instruments associated with the companies' strategic decisions are considered based on those which facilitate the implementation of good circular practices.

III.2. Building block 2 · Internal processes

Applying the guidelines for circular production and consumption¹⁶ to the materials and resources used in the companies' internal processes activates significant lines of action in terms of the allocation of assets, supplies and the provision of services.

Overall, it is a question of taking into consideration the end-purpose of each of the materials and resources in terms of creating value, in order to introduce the notion of circularity ensuring that the end quality of the service is preserved and, ultimately, circularity is preferred throughout the rest of the system. As such, we must consider that if the companies in the hotel sector are not able to guarantee the circularity of certain goods or resources –especially with reference to water and energy resources– in many cases this would not allow for developing lines of action geared towards obtaining maximum effectiveness, in this context, but it would allow for improving efficiency.

Guideline for circular consumption and production 1

In this context, there is a vast array of lines of action which can be implemented to reduce the volume of materials and resources which end up being used, especially those which due to certain characteristics (*i.e.*, toxicity, indivisibility, etc.) have little potential for continuing further down the line in the production system as they are difficult to reuse in or outside the hotel sector. Besides, these lines of action are closely linked to reducing carbon dioxide emissions, to whatever degree, and therefore help to improve the sustainability parameters in terms of the companies' carbon footprint.

From this perspective the hotel business has the capacity to act through its own allocation of assets relating to the building and planning of the facilities. In this way, they can make an impact by means of:

- The durability of the construction materials used for building the establishments.
- The insulation, ventilation and introducing solar energy into the buildings.
- Self-generated energy from clean sources.

¹⁶ Following the principles of the Ellen MacArthur Foundation, as seen in *Circularity Indicators. An Approach to Measuring Circularity. Methodology*. May 2015.

Reduce

“ *Decrease the volume of materials or resources used in the company's production process whilst maintaining the quality in the standard of the services provided.* ”

- The availability of a water network allowing for water to be harvested, whenever possible, and, in any case, leakage control.

However, the greatest scope for circularity for the internal processes is in drawing up the list of supplies given the range of materials and resources involved and the number of options available on the market for all of the different products acquired by hotels. As such, there are many lines of action concerning:

- Self-sufficiency in basic supplies, such as energy and water.
- Product parts, whenever possible should be discarded or reused, such as in the case of chemicals, cosmetic products and toiletries or electronic equipment and components.
- The type, packaging and delivery system of products received in bulk on a regular basis, as they can generate a surplus and/or unnecessary excess packaging, such as with food and beverages, chemicals, cosmetic products, and toiletries.
- The lifecycle of non-perishable goods, focusing on their durability or obsolescence, such as textiles, digital products, furnishings, electrical appliances, and other equipment, and, if applicable, vehicles.
- The type of ownership of assets, prioritising rental over ownership; this particularly applies to supplies of furniture and equipment, vehicles and even textiles.
- The proximity of the products acquired,¹⁷ which is particularly relevant in the case of food, for which it is also important to source seasonal products and even consider homegrown produce.
- The expiry date, preservation, and durability of perishable products, such as food and beverages, chemicals or cosmetic products and toiletries.
- The energy efficiency of electronic components and equipment, electrical appliances and vehicles.
- The treatment of goods at the end of their useful life within the company, which is particularly relevant in the section on furnishings and other equipment.

¹⁷ Proximity plays a key role in the notion of circularity, as it denotes that the transport cycles of the materials and resources can also be increasingly shorter, in order to cut down on fuel consumption and avoid the release of emissions into the atmosphere.

Moreover, it must not be forgotten that some elements of the good practices implemented in the supply process have to be carried over into the processes for the provision of services, so that these processes will determine the total final consumption of the companies' materials and resources. To this end, lines of action are taken regarding:

- The set-up of equipment, in particular relating to energy and water consumption, within the different facilities where services in the areas of accommodation, catering, sports and leisure or commerce are provided.
- The refurbishment and cleaning methods used within the facilities, mainly relating to energy and water consumption and chemical products.
- Encouraging the use of digital formats rather than stationery goods for signage, information for guests, labelling or billing.
- Optimising the use of goods available to the employees and clients, such as tableware, furniture and equipment or vehicles (used for transport or leisure).
- Rationalising and preparing the ingredients required for the catering service aiming to adjust consumption to meet the demand and avoid food wastage.
- The opening hours of the different facilities and, whenever possible, to meet the demand.
- Making use of the surrounding areas and making the most of the opportunities for the shared use of facilities, in particular for sports and/or recreational activities.
- Packaging and delivery methods used for business services.

Similarly, companies in the hotel sector are equipped to promote the ongoing circularity cycle of the materials and resources they use both inside and outside their facilities.

Recycle

“Rescue materials or resources and use them for the same or a different purpose within the company’s production processes or in other parts of the system.”

Guideline for circular consumption and production 2

This means that the lines of action promote the opportunity to incorporate rescuable or recyclable materials into the company’s internal processes and/or encourage them to be fed back into the system. These lines of action concentrate specifically on:

- The origin and composition both of the materials used in the construction of the buildings and installations and the products that usually feature on the company’s purchases list, such as textiles, cosmetic products and toiletries, stationery (leaflets, letters, signage...), furnishings, etc.
- The treatment of surplus materials or those at the end of their useful life, both in building and renovation work and in refurbishing equipment.
- The different establishments’ capacity to purify and discharge water from the water and sanitation network.
- The use of surplus food derived from the catering services.

Similarly, the lines of action can also be set out to encourage companies both within and outside hotel sector to avoid using single-use materials and resources.

Guideline for circular consumption and production 3

To do this, the initiative can be taken in terms of:

- Having a water supply network which allows for the recovery of the so-called grey waters which can be used to satisfy part of the demand for this resource in every one of the establishments.
- Universality of the furniture, electronic components and other equipment acquired.
- The treatment the acquired goods are subjected to at the end of their useful life within the company.
- Incorporating non single-use food and beverage dispensing systems into the catering services.
- Having a method for replacing the textiles, cosmetic and toiletry products, etc. related to the service provided in the rooms as well as in the leisure areas in the sports and/or recreation facilities.

From a far more waste-related perspective, hotel companies can improve their circular habits by implementing lines of action to extend the useful life of materials and resources either directly, or otherwise, by offering third parties the task of reconditioning or transforming goods used within the hotel sector.

Reuse

“ Reintroduce material or resources into the company’s production processes or into other parts of the system, using them for the same purpose and maintaining their original form, after performing a minimum amount of maintenance or cleaning, either as a whole or in parts.

Restore

“Return materials or resources to their original optimal function so that they can be used in the company’s production processes or in other parts of the system after replacing or repairing their main components or enhancing their appearance.”

Guideline for circular consumption and production 4

For this, the lines of action relating to the supply chain are fundamentally aimed at:

- Assembling goods with a potentially extensive useful life, such as those relating to furniture, equipment, and vehicles.

Remanufacture

“Disassemble and rescue the components of the material or resource to make something else that will be reintroduced into the company’s production processes or other parts of the system.”

Guideline for circular consumption and production 5

Circularity and modernisation of internal processes

GUIDELINES FOR CIRCULAR PRODUCTION AND CONSUMPTION



Reduce



Recycle



Reuse



Restore



Remanufacture

MATERIALS AND RESOURCES

V_{2.1}

ALLOCATION OF ASSETS

Constructions:

- Materials (building and installations)

Technical installations:

- Energy

Water network:

- Water
- Energy

V_{2.2}

SUPPLIES

Supplies:

- Water
- Energy

Food supplies:

- Food
- Drink

Fabrication:

- Textiles

Cosmetics / toiletries:

- Gels and soap
- Toiletries

Chemical products:

- Detergents
- Paints
- Fertilisers
- Swimming pools chemicals

V_{2.3}

PROVISION OF SERVICES

Stationery and Communication:

- Leaflets and menu cards
- Signs and signage
- Digital storage
- Paper, envelopes, bags, etc

Furnishings and equipment:

- Furniture (interior/exterior)
- Electronic equipment and parts
- Electrical appliances
- Fixtures and fittings
- Tableware
- Tools for maintenance (gardens, swimming pools, etc.)
- Sports equipment

Vehicles:

- Cars
- Minibuses
- Scooters
- Bikes and skates
- Buggies

Accommodation:

- Water and energy
- Textiles
- Gels, soap and bathroom products
- Detergents and paints
- Leaflets, signage and paper
- Furniture, fixtures and fittings
- Vehicles

Restoration:

- Water and energy
- Food and drink
- Textiles
- Detergents and paints
- Menu cards, signs and signage
- Electrical appliances and tableware

Leisure:

- Water and energy
- Textiles
- Gels, soap and bathroom products
- Fertilisers and chemicals for swimming pools
- Furniture and sports equipment
- Vehicles

Commerce:

- Water and energy
- Detergents and paints
- Paper, envelopes, bags, etc.
- Furniture and equipment

LINES OF ACTION TO ENSURE THE INTEGRATION OF CIRCULAR STRATEGY

* This refers to the materials and resources which are more widely used for this activity, addressing their use and functionality.

III.3. Building block 3 · Primary stakeholders

Incorporating guidelines for a commitment to circularity¹⁸ in the relations the companies establish with their primary stakeholders or interest groups leads to lines of action relating to employees, suppliers, and clients.

From this perspective, it is a question of supporting them in the roles and/or functions that they undertake in the course of the business, especially in roles which could contribute more to the implementation of good circular practices. Indeed, it must be recognised that they all have direct contact with the materials and resources that sustain the activity within the hotel sector, whether treating them, producing them or, ultimately, using them.

Therefore, the capacity that companies have to involve their main interest groups depends on the company itself, as the circular approach that can be instilled along the value chain is likely to have an impact before and after the services is provided. Undoubtedly, for this to happen it is first necessary to share the company's strategic vision on circularity with all the different stakeholders, along with the values they uphold and the potential benefit that together they can seek.

Guideline for commitment to circularity 1

To address this question, it is important to set out lines of action based on:

- Activating communication networks by which to spread the word about the values, goals, and priorities of circular strategies, using a different approach for the company's diverse groups of stakeholders.
- Coordinating interdepartmental communication channels and addressing the company's hierarchy in descending order, in order to convey the protocols and/or procedures for good practice to the different units and establishments.

¹⁸ Following the recommendations of the Centre for Climate and Energy Solutions (C2ES) in its *Best Practices in Sustainability Engagement*. December 2015.

Raise awareness

“Promote stakeholder awareness by producing information on the company's goals and the implementation of good circular practices.”

- Defining the selection criteria for manufacturers, distributors, and service providers by explaining the codes of conduct and establishing transparency requirements for matters relating to applying circularity to their activities.
- Producing materials to make the guests aware of the company's notion of circularity before, during and after their stay.

Consequently, for the work on raising awareness to translate into action means ensuring that the different groups are provided with the necessary tools and knowledge to contribute effectively and efficiently to the implementation of the company's proposed good circular practices.

Guideline for commitment to circularity 2

As such, lines of action need to be established relating to:

- Establishing systematic plans for specialised training and targeting the roles played by employees in the core units –especially those linked to developing the circular strategy–, and in the establishments –from the managers and department supervisors to the operational staff.
- Designing and setting up measuring systems for the key indicators for the different good practices implemented by the company.
- Ensuring the scope of activity is sufficient so that the company's sustainability area or office can facilitate the development of a circular strategy.
- Coordinating joint learning activities with the suppliers to foster cooperation in achieving shared circularity goals.
- Producing user guides for use and/or purchase by the company's guests, B2B clients and tenants.
- Installing energy-saving devices, separating waste or other items used by the guests both in the rooms and in the communal areas of the different establishments.

Empower

“ *Ensure that the stakeholders have the capacity and the means to perform in accordance with the standards of good circular practice to be implemented by the company.* ”

Mobilise

“ *Promote real and effective action by the stakeholders in implementing the company’s standards of good practice using motivational methods and offering incentives.*

Similarly, companies can further the involvement of their primary stakeholders and thus ensure that the annual circularity goals are fulfilled by adding these to the conditions that regulate the current agreement between both parties.

Guideline for commitment to circularity 3

From this point of view, it is important for companies to maintain active lines of action that operate by:

- Coordinating targeted incentive programmes for different groups of employees within the company which are linked to their actual involvement in implementing good circular practice.
- Providing the staff in positions of leadership with sufficient scope- either within the core units or in each of the establishments- to be able to identify or make use of the mechanisms to motivate and assess their workers under their supervision.
- Establishing contractual requirements for manufacturers, distributors and suppliers regarding the availability of codes of conducts and/or valid certification which must include the notion of circularity and must cover their own staff and supply chain.
- Making use of their capacity to have an influence on the list of suppliers in making specific requirements on the design, manufacture/provision, delivery and after sales service of the different supplies, in accordance with the company’s circularity goals and priorities.
- Offering commercial incentives to the suppliers of goods and services which encourage the company’s circularity progress in their performance and management. And, moreover, have clear procedures in place for any breach of the agreements made on this matter.
- Designing incentive systems for clients-whether guests or room-stay marketers— who are positively and actively involved in the company’s good circular practice.
- Introducing clauses on the company’s annual circular goals and priorities into the contracts entered into with B2B clients and tenants staying in the company’s facilities.

In all events, companies must keep their primary stakeholders' commitment to circularity active by having a dynamic and ongoing system for feedback to enable them to assess their involvement at all times and help to identify critical areas in the implementation of their good practices.

Guideline for commitment to circularity 4

This matter produces some interesting lines of action concerning:

- The shared use of the results obtained in the key indicators relating to the different good practices with the company's different groups of workers.
- Encouraging the suppliers to be involved in establishing the goals and assessing the outcomes of the good practices that they have jointly implemented, to a greater or lesser degree.
- Establishing ongoing channels of communication with suppliers, B2B clients and tenants staying in the company's facilities in order to share good practices and put forward propositions for improvement.
- Coordinating and introducing internal and external assessment tools to be used by the guests staying in the company's establishments for solving any problems and channelling new proposals and suggestions.

Acknowledge

“ Encourage the stakeholders to get involved in the company's different stages of implementation of the good circular practices and foster an environment of ongoing feedback.

Circularity and the involvement of the primary stakeholders

GUIDELINES FOR COMMITMENT TO CIRCULARITY



Raise awareness



Empower



Mobilise



Acknowledge

ROLES AND FUNCTIONS



WORKERS

Head-offices:

- * **Area of sustainability**
 - Designing the sustainability strategy
 - Monitoring and reporting
 - Certificates record-keeping

* Remaining areas- Management

- Adapting the business strategy to meet the functions of each department

Establishments:

* Management

- Management of resources and staff
- Process coordination
- Review of standards

* Department Supervisors

- Management of operational staff
- Supervision
- Inventory management

* Operational staff

- Performing tasks in line with the established standards



SUPPLIERS

Manufacturers:

- Product design
- Manufacture

Distributors, wholesalers and intermediaries:

- Product packaging
- Transport and delivery

Service providers:

- Service design
- Provision and supply



CLIENTS

Guests:

- Entire use of the services provided in the establishment

B2B Clients:

- Marketing of room stays

Tenants:

- Provision of services within the company's installations (for example catering or business within the establishments)

LINES OF ACTION TO ENSURE THE IMPACT OF CIRCULAR STRATEGY

* Aimed at the roles and functions in which the different groups can make the most contribution to the company's circular progress.

IV. *Measuring progress towards circularity*

Implementing good circular practices means that the companies must undergo constant monitoring to check, primarily, that the annual goals set in their circularity strategies are met. Indeed, this monitoring is strictly necessary in order to assess some broader questions, such as whether through this circular progress the company's strong points really are enhanced, whether they are adequately capitalising on the results obtained and whether, therefore, a real impact can be seen on the profit and loss statement, or whether in the end some of the current strategy points need to be adjusted.

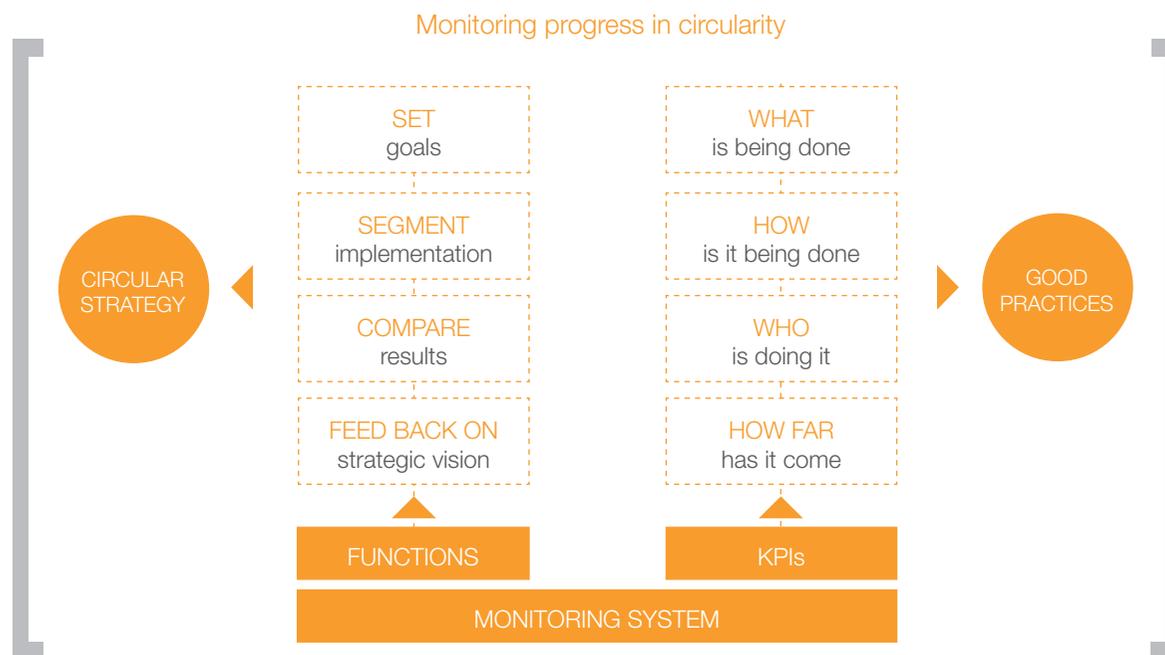
In order to address these issues, the framework proposes a metric which allows hotel companies to transfer their strategic vision to a balanced and integrated system to track the circular progress of the business, in general, and that of each the establishments in its portfolio, in particular. This tracking system is put into action by having a list of key performance indicators (KPIs), which, together, allow us to:

- Measure and set goals linked to the potential, integration, and impact of the company's strategy on circularity.
- Implement the good practices throughout the company's portfolio of establishments.
- Compare the business' situation and progress with the rest of the sector or other similar companies.
- Provide feedback on the company's strategic vision by setting new priorities and introducing new lines of action.

From this perspective, it must be highlighted that every company has its own identification process for their KPIs, because these are directly linked to their good circular practices, and more specifically,

on what they are based. However, in order to make this task easier, the framework proposes to apply the following for every one of the lines of action that companies keep active:¹⁹

- What is being done: to assess the number of good practices that are being adopted and what assets and processes in the hotel sector are being covered.
- How is it being done: to examine the alternatives that have been chosen to tackle the different circularity goals.
- Who is doing it: in order to monitor the extent to which the good practices have been implemented throughout the company's different units and establishments.
- How far have they come: to assess the results obtained from each of the good practices implemented to date.

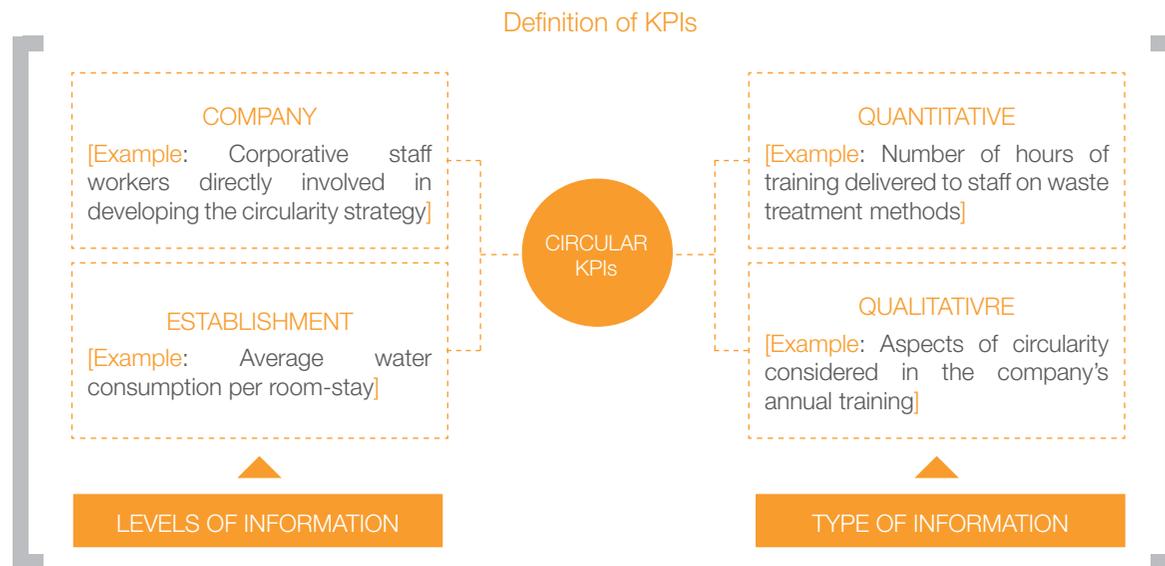


¹⁹ Overall, a set of approximately 200 KPIs has been fed into the lines of action presented in the previous section. Compare the selection provided with the lines of action shown in the previous section in [Annex 2](#).

In any event, we must bear in mind that measuring the circular progress of companies in the hotel sector means maintaining the KPIs relating to two different levels of information. In this way, on the one hand it shows the need to establish KPIs at company level, because developing the strategic vision, devising the lines of action, and implementing good practices all start at the core of the company.

At the same time, it is necessary to maintain KPIs at establishment level, given that progress in both implementing and assessing the good practices takes place within the different units in the portfolio of each of the companies. For the most part, the key indicators or KPIs set at this level could be applied to company level, whether by adding up the results of each of the establishments, or by taking the percentage of the portfolio that meets the requirements of the different good practices implemented.

In both cases, the monitoring system must capture and interpret the signals from KPIs which are fed with both quantitative and qualitative data. The latter is of particular interest in monitoring circular progress as it entails collecting intangible data which highlights the specific way in which the company embraces and benefits from this transition, particularly in its early phases.



It is indeed interesting that the KPIs relating to this question can easily be integrated into the companies' information and monitoring systems and also that the interpretation and analysis of this data then becomes integrated into common reporting practices. This helps towards connecting the circular strategy with the business core and, of course, in accelerating the decision-making process.

By way of clarifying this matter, the definition of KPIs should be made, as far as possible, by seeking harmonisation or at least compatibility with the current frameworks and standards. Therefore, we must highlight the current points of reference for reporting standards on sustainability matters in the Global Reporting Initiative (GRI), the details considered in the companies' environmental management certification systems- such as ISO 14001, the European EMAS regulation, the benchmarks set by Earthcheck and TraveLife, etc. -, information systems for investors- such as those relating to RobecoSAM or the IRIS+ network, among others, and the support tools for adopting global frameworks -such as the self-diagnostic tools linked to the United Nations Global Compact programme or the European Sustainable Business Federation, Ecopreneur.

Annex 1.
Structure of the strategic framework
Circularity in the hotel sector

Structure of the strategic framework · Circularity in the hotel sector

Building blocks or strategic pillars

BB₁ AVAILABLE RESOURCES

BB₂ INTERNAL PROCESSES

BB₃ PRIMARY STAKEHOLDERS

Vectors

V_{1.1} INVESTMENT

V_{2.1} ALLOCATION OF ASSETS

V_{3.1} WORKERS

V_{1.2} INNOVATION

V_{2.2} SUPPLIERS

V_{3.2} SUPPLIERS

V_{1.3} GOVERNANCE

V_{2.3} SERVICE PROVISION

V_{3.3} CLIENTS

Circularity goals

O₁ POTENTIAL

O₂ INTEGRATION

O₃ IMPACT

Company ability

EFFORT

VALUE CHAIN

IMPLICATION

👁️ Strategic dimension

👁️ Operational dimension

👁️ Cultural dimension

Annex 2.
*Inventory of
key indicators (KPIs)*

BUILDING BLOCK 1 · AVAILIABLE RESOURCES

Vector 1.1 · Investment

Guidelines for circular planning	Key indicators (KPIs)
 Allocate	<p>I1.1.1. The budget allocation in the last tax year for: (i) Investment in infrastructure and equipment; (ii) Plans for training the workforce; (iii) Technological equipment.</p> <p>I1.1.2. The degree of importance given to the determining factors for investments in the different types of capital: (i) Economic cycle; (ii) Profit from previous years; (iii) Lifecycle and effectiveness of the current supply; (iv) Changes in consumer preferences.</p>
 Align	<p>I1.1.3. The percentage of the total investment allocated to the resources implementing good circular practices in the last three tax years in terms of: (i) Physical capital; (ii) Human capital; (iii) Technological capital.</p> <p>I1.1.4. The percentage of personnel selection staff with training in circularity.</p> <p>I1.1.5. The number of training programmes on implementing good circular practices.</p>
 Channel	<p>I1.1.6. The areas in the portfolio of establishments where priority is given to investments in different types of capital for satisfying the circularity goals: (i) Category; (ii) Size; (iii) Location; (iv) Type of ownership; (v) Billing; (vi) Investment cost; (vii) Use of materials.</p> <p>I1.1.7. Having a furniture and equipment inventory for every one of the establishments, containing details of: (i) Energy performance certificate; (ii) Remaining useful life; (iii) Repayment status; (iv) Repairs performed.</p>
 Assets	<p>I1.1.8. Using simulation to assess the impact of each new investment in the different types of capital on: (i) The cost structure; (ii) Income; (iii) Payback investment; (iv) Consumption of materials and resources; (v) Perceived quality.</p> <p>I1.1.9. Open channels for identifying the need for further training on circularity: (i) Employee surveys; (ii) Normative requirements; (iii) Demands from the management team.</p> <p>I1.1.10. Number of business cases performed each year to estimate the projected saving potential of each investment in technological capital.</p>

Vector 1.2 · Innovation

Guidelines for circular planning	Key indicators (KPIs)
 Allocate	<p>I1.2.1. The percentage of staff geared towards the development of new products and services.</p>
 Align	<p>I1.2.2. The percentage of innovations entered onto the company's list of products and services over the last three tax years stemming from the implementation of good circular practices.</p> <p>I1.2.3. The degree of digital integration in the management processes of: (i) Reserves; (ii) Inventories; (iii) Ordering supplies (iv) Billing clients; (v) Working relationships; (vi) Accident reports.</p> <p>I1.2.4. The number of recipients of corporate information in digital format: (i) Workers; (ii) Guests; (iii) Suppliers; (iv) Service contractors.</p> <p>I1.2.5. The percentage of publicity material in digital format.</p>
 Channel	<p>I1.2.6. The level of importance given to the factors contributing to prioritising innovation within the services of the different areas of the establishments (accommodation, catering, leisure, or commerce): (i) Frequency of use (clients); (ii) Related billing; (iii) Related cost; (iv) Consumption of materials and resources; (v) Image and differentiation.</p>
 Assess	<p>I1.2.7. The projected impact of the management innovations to be implemented on: (i) Cost structure; (ii) Income; (iii) Payback investment; (iv) Consumption of materials and resources; (v) Perceived quality.</p>

Guidelines for circular planning	Key indicators (KPIs)
 Allocate	<p>I1.3.1. The persons involved in establishing the annual circularity goals: (i) President; (ii) Executive Director; (iii) Business Managers; (iv) Department Supervisors.</p> <p>I1.3.2. The number of interdepartmental meetings held in the last tax year (regardless of the participants' rank).</p> <p>I1.3.3. The percentage of current standardisable tasks contained in the known established protocols and shared by company staff.</p>
 Align	<p>I1.3.4. The percentage of annual business goals linked to good circular practices (proposed/ fulfilled).</p> <p>I1.3.5. The existing official protocols relating to: (i) Waste treatment; (ii) Water cycle; (iii) Maintenance of energy facilities.</p>
 Channel	<p>I1.3.6. Criterion to establish the circularity goals throughout the portfolio of establishments: (i) Category; (ii) Size; (iii) Location; (iv) Type of tenancy; (iv) Billing; (v) Consumption of materials and resources.</p> <p>I1.3.7. The level of importance given to the factors contributing to prioritising the implementation of new protocols on standardised processes or tasks: (i) Frequency of performance; (ii) Implementation cost; (iv) Consumption of materials and resources; (v) Connection to image and capacity for differentiation.</p>
 Assess	<p>I1.3.8. The frequency of issuing circularity progress reports: (i) Quarterly; (ii) Biannually; (iii) Annually.</p> <p>I1.3.9. The average antiquity of the protocols currently used by the company.</p> <p>I1.3.10. The number of audits performed over the last three tax years concerning the implementation of good circular practices: (i) Internal; (ii) External.</p>

BUILDING BLOCK 2 · INTERNAL PROCESSES

Vector 2.1 · Allocation of assets

Guidelines for circular production and consumption	Key indicators (KPIs)
 Reduce	<p>I2.1.1. The number and type of building protection measures applied to each and every one of the establishments in the company's portfolio (against damage to susceptible parts of the buildings and deterioration of materials exposed to environmental factors).</p> <p>I2.1.2. The energy consumption in total and per stay in each of the establishments in the company's portfolio. Per type: (i) Electricity; (ii) Heating; (iii) Refrigeration; (iv) Steam.</p> <p>I2.1.3. The capacity rainwater storage systems.</p> <p>I2.1.4. The number of annual reviews performed on the prevention of water leakage.</p> <p>I2.1.5. The water consumption in total and per stay in each of the establishments in the company's portfolio. Per area: (i) Rooms (ii) Kitchens; (iii) Laundry room; (iv) Sports facilities.</p>
 Recycle	<p>I2.1.6. The percentage of recycled building materials used in extending or modernising the installations and buildings.</p> <p>I2.1.7. The percentage of construction and demolition waste going to recycling plants.</p>
 Reuse	<p>I2.1.8. The capacity of the grey water recycling system.</p>
 Restore	<p>-</p>
 Remanufacture	<p>-</p>

Guidelines for circular production and consumption	Key indicators (KPIs)
 Reduce	<p>I2.2.1. The energy consumption from renewable sources in total and per stay. Per type: (i) Solar; (ii) Wind; (iii) Biomass.</p> <p>I2.2.2. The water consumption in total and per stay from: (i) Self-sufficiency; (ii) Purification and recovery of grey waters; (iii) Third party supply.</p> <p>I2.2.3. The number of measures designed to minimise the presence of contaminating substances in the supply of: (i) Textile products; (ii) Chemical products; (iii) Cosmetic products and toiletries; (iv) Stationery, signage and communications; (v) Electronic equipment and components.</p> <p>I2.2.4. The number of zero food miles. The percentage of local suppliers.</p> <p>I2.2.5. The percentage of products on the shopping list per type and packaging: (i) Loose; (ii) Single-use; (iii) Reusable containers; (iv) Single-use containers.</p> <p>I2.2.6. The percentage of furniture and equipment supplies classified as rented.</p>
 Recycle	<p>I2.2.7. The annual quantity of purified water per establishment.</p> <p>I2.2.8. The minimum percentage of recycled materials contained in the textile products on the company's list of supplies.</p>
 Reuse	<p>I2.2.9. The percentage of purchases of furnishings and equipment with components subject to the universality criteria.</p>
 Restore	<p>I2.2.10. The number of repairs required before moving on to renovating the furnishings of equipment.</p>
 Remanufacture	<p>I2.2.11. The level of importance given to the criterion for the supply of furnishings and equipment: (i) Energy efficiency; (ii) The guarantee expiry date; (iii) Post sales maintenance; (iv) Use of recycled materials; (v) Acquisition by renting; (vi) The universality of the components; (vii) Feasibility of assembly/disassembly.</p>

Vector 2.3 · Provision of services

Guidelines for circular production and consumption	Key indicators (KPIs)
 Reduce	<p>I2.3.1. The percentage of the establishments on the company's portfolio who have separate controls in their rooms for: (i) Regulating the temperature of the heating system; (ii) Adjusting the intensity of the lighting; (iii) Water flow in the showers and wash basins.</p> <p>I2.3.2. The number of current active protocols for preventing waste of water and energy in the processes of: (i) Preparing the rooms; (ii) Handling the food and preparing meals; (iii) Maintaining the swimming pools and sports activity areas; (iv) Watering the gardens.</p> <p>I2.3.3. The amount of food that goes to waste. Due to: (i) Perishing; (ii) Expiry; (iii) The surplus from food preparation; (iv) The excess, not consumed by the clients.</p> <p>I2.3.4. The percentage of digital format usage in: (i) The guests' billing services; (ii) Signage in the establishment's facilities; (iii) Items for communication.</p> <p>I2.3.5. The number of times opening hours have been adjusted to meet the demand in: (i) Swimming pools; (ii) Spa; (iii) Gyms; (iv) Sports grounds; (v) Recreational facilities; (vi) Retail outlets.</p>
 Recycle	<p>I2.3.6. The percentage of surplus food destined for: (i) Making compost; (ii) Preparing further meals; (iii) Giving to third parties; (iv) Generating waste.</p> <p>I2.3.7. The amount of waste selectively collected from the different areas of service: (rooms and communal areas, restaurants, leisure areas, shops) Per type: (i) Paper-card; (ii) Glass; (iii) Plastics-containers; (iv) Organic; (v) Pruning and garden waste.</p>
 Reuse	<p>I2.3.8. The number of shared drink dispensing systems.</p> <p>I2.3.9. The measures in place to ration the use of tableware in the within the establishment's facilities. Per type: (i) Use of reusable items; (ii) Use of on-demand systems; (iii) Self-service.</p> <p>I2.3.10. The average amount of bed linen and towels washed in each establishment's laundry per stay.</p>
 Restore	-
 Remanufacture	-

BUILDING BLOCK 3 · PRIMARY STAKEHOLDERS

Vector 3.1 · Workers

Guidelines for commitment to circularity	Key indicators (KPIs)
 Raise awareness	<p>I3.1.1. Using the channels of communication to inform the staff of the objectives, priorities and protocols relating to the company's good circular practices: (i) Presentations; (ii) Surveys; (iii) Games and tools; (iv) Internal newsletters.</p>
 Empower	<p>I3.1.2. The number of workers directly involved in designing the company's circularity strategy: (i) Sustainability office or area; (ii) The remaining areas.</p> <p>I3.1.3. The number/percentage of workers in the head-offices or core business units who have received some kind of specific circularity-related training over the last twelve months.</p> <p>I3.1.4. The number/percentage of workers in the portfolio of establishments who have received some kind of specific circularity-related training over the last twelve months: (i) Management; (ii) Department Supervisors; (iii) Operational staff.</p> <p>I3.1.5. Number of hours of training per year included in the company's ongoing training programme on: (i) Saving energy; (ii) Saving water; (iii) Recycling; (iv) Reusing; (v) Handling harmful substances (vi) The criterion for renovating and repairing furnishings and equipment.</p> <p>I3.1.6. The percentage of indicators linked to progress in circularity included in the company's management system. The hierarchical levels within the establishment involved in gathering this information: (i) Management; (ii) Department Supervisors; (iii) Operational staff.</p>
 Mobilise	<p>I3.1.7. The number/percentage of workers involved in the incentive programme on fulfilling the annual circularity goals: (i) Head-offices or core business units; (ii) Establishments management team; (iii) Department Supervisors; (iv) Operational staff.</p>
 Acknowledge	<p>I3.1.8. The number of suggestions or proposals for improvement offered for every x number of workers on implementing good circular practices.</p> <p>I3.1.9. The number of team building sessions or meetings held in the last tax year to assess the circularity goals and outcomes: (i) In the head-office areas involved; (ii) In every one of the establishments.</p>

Vector 3.2 · Suppliers

Guidelines for commitment to circularity	Key indicators (KPIs)
 Raise awareness	<p>I3.2.1. The percentage of the list of suppliers (and/or the percentage of the sum spent on these supplies) operating according to a code of conduct: (i) Applicable to their own activities; (ii) Extended to their workers; (iii) Extended to the supply chain.</p> <p>I3.2.2. The percentage of the list of suppliers (and/or the percentage of the sum spent on these supplies) with some type of valid environment-related certificate.</p> <p>I3.2.3. The level of importance given to the criterion for selecting the suppliers: (i) Price; (ii) Quality; (iii) Previous assessments (other clients); (iv) Post sales services; (v) Technology and infrastructures; (vi) Information policies and transparency; (vii) Sustainability habits.</p>
 Empower	<p>I3.2.4. The number of sessions organised jointly with suppliers in the last tax year to explore new solutions similar to the company's circularity goals regarding: (i) Products and services; (ii) Distribution and delivery; (iii) After sales services.</p>
 Mobilise	<p>I3.2.5. The number/percentage of contracts signed with suppliers throughout the last tax year which include clauses on the company's existing good circularity practices.</p> <p>I3.2.6. The number of proposals for modifications the company issued to the suppliers throughout the last tax year on: (i) Product composition; (ii) Format or packaging; (iii) Delivery system; (iv) After sales service.</p> <p>I3.2.7. The number/percentage of suppliers who have benefitted from the commercial advantages scheme and bonuses for their involvement in fulfilling the company's circularity goals.</p>
 Acknowledge	<p>I3.2.8. The number/percentage of meetings held throughout the last tax year with suppliers, contractors and tenants to assess the circularity goals and outcomes.</p> <p>I3.2.9. The number of suggestions or proposals for improvement offered for every x number of suppliers regarding the implementation of good circular practices. Collection method: (i) Telephone helpline; (ii) Email inbox; (iii) Face-to-face meetings; (iv) Ad hoc platform.</p>

Guidelines for commitment to circularity	Key indicators (KPIs)
 Raise awareness	<p>I3.3.1. Active platforms available to clients for them to find out about the company's circularity goals and priorities: (i) Leaflets and posters; (ii) Internal magazines; (iii) Audio-visual resources in the different facilities; (iv); Information and reservation platforms (v) Social networks.</p>
 Empower	<p>I3.3.2. The number of guidebooks and customer information manuals:(i) Energy efficient lighting; (ii) Energy efficient heating and cooling systems; (iii) Saving water in bathrooms; (iv) Replacing towels and bed linen; (v) The use of tableware; (vi) Buffet services; (vii) Separating waste and recycling.</p>
 Mobilise	<p>I3.3.3. The number/percentage of guests who have benefitted from the commercial advantages scheme and bonuses for their involvement in fulfilling the company's circularity goals. Per type: (i) Gifts; (ii) Access to services and facilities not previously booked; (iii) Discounts for subsequent stays.</p> <p>I3.3.4. The number of demands presented to the company by B2B clients relating to the implementation of good circular practices: (i) Obtaining specific environmental certification; (ii) Providing eco-friendly products in the catering services; (iii) Using non-toxic paint; (iv) Using natural fertilisers; (v) The frequency the swimming pool is cleaned, and the installations maintained.</p> <p>I3.3.5. The number/percentage of contracts with tenants in the last tax year which include clauses on the good circular practices implemented by the company.</p>
 Acknowledge	<p>I3.3.6. The number of suggestions or proposals for improvement offered by every x number of overnight stays relating to the implementation of good circular practices.</p> <p>I3.3.7. The level of customer satisfaction in aspects of the purchase/service experience relating to the good circular practices implemented by the company.</p>



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