

MINDCLICK

INTRODUCTION

Created on June 14, 2022 by JoAnna Abrams, Christian Mirabella & Monika Graf

On March 21, 2022, the U.S. Securities and Exchange Commission opened a comment period until June 17th in response to its draft rule under which companies would disclose their own direct and indirect greenhouse gas emissions (Scope 1 and Scope 2 emissions). The rule would also require companies to disclose greenhouse gases generated by suppliers and partners - known as Scope 3 emissions - if material or if they are included in any emissions targets the company has set. The proposed rule is in line with recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and will close the gap between the United States and other countries, including the European Union, the UK, Canada, China, and Japan.

A concern shared across different stakeholders is whether and how companies should disclose Scope 3 emissions. Based on ten years of supply chain sustainability work on behalf of publicly traded companies in the hospitality industry, MindClick provides through this paper a proven methodology and concrete examples of how global organizations quantify, disclose, and reduce the Scope 3 emissions coming from the manufacturing of products used in their operations.



Figure 1: About MSAP

In this white paper, it is argued that measuring Scope 3 emissions is not only feasible, but it is already in progress. Further, while the SEC decision to disclose Scope 3 emissions will involve both risks and challenges for organizations, it will nonetheless unleash a series of opportunities for sustainable development both up and down the value chain.

The perceived lack of agreed methodology for calculating Scope 3 emissions, the perceived complexity, the perceived lack of data, and potential exposure to litigation for inaccurate or misleading information are leading companies to resist or modify Scope 3 disclosure requirements. However, it's worth being reminded that a manufacturer's Scope 1 and Scope 2 emissions are their customer's Scope 3 emissions. In the case that the manufacturer themselves are a publicly traded company, they too will be required to disclose their Scope 1 and Scope 2 emissions, thus making Scope 3 emission data available for their customers.

The paper will document the feasibility of data collection, monitoring and optimization of Scope 3 emissions derived from MindClick's experience and accomplishments with hotel brands and operators who select and purchase from manufacturers of Furniture, Fixtures and Equipment (FF&E) and Architectural Building Products. It is realistic to think that reporting on Scope 3 emissions will become a required practice, so organizations globally should be prepared. The key will be to offer them one clear and standardized reporting framework within which to report.



GREENING THE HOSPITALITY GLOBAL SUPPLY CHAIN

Scope 3 Emissions: Definition, Quantification, and Materiality for the Hospitality Industry

The SEC draft rule requires public companies to disclose their direct and indirect greenhouse gas emissions, known as Scope 1 and 2 emissions, and supplier and partner emissions, known as Scope 3 emissions, if material, or if the registrant has set a GHG emissions reduction target or goal that includes its Scope 3 emissions. While little doubt exists on the qualification of Scope 1 and 2 emissions, the challenge resides in the Scope 3 definition (i.e., what to collect), the feasibility of its data measurement and quantification (i.e., how, and how much to collect), its value (i.e., does it make economic sense?) and materiality (i.e., when they are relevant and impactful to business operations and performance).

[The GHG Protocol](#)¹ defines Scope 3 as “all indirect emissions (not included in scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions.” Since this Corporate Value Chain emissions consists of up to 15 categories, both upstream and downstream, organizations are struggling with obtaining and quantifying their data differently from scopes 1 and 2. For this reason, it is not uncommon for many sectors to limit the extent of their sector-specific Scope 3 emissions collection, failing to capture most of them. The real estate sector is a case in point, where owners and asset managers have gone to great length to discuss how to collect emissions from their tenants and residents while disregarding the major impact of emissions from the supply chain - an issue that now the [Global Real Estate Sustainability Benchmark \(GRESB\)](#)² is trying to address.

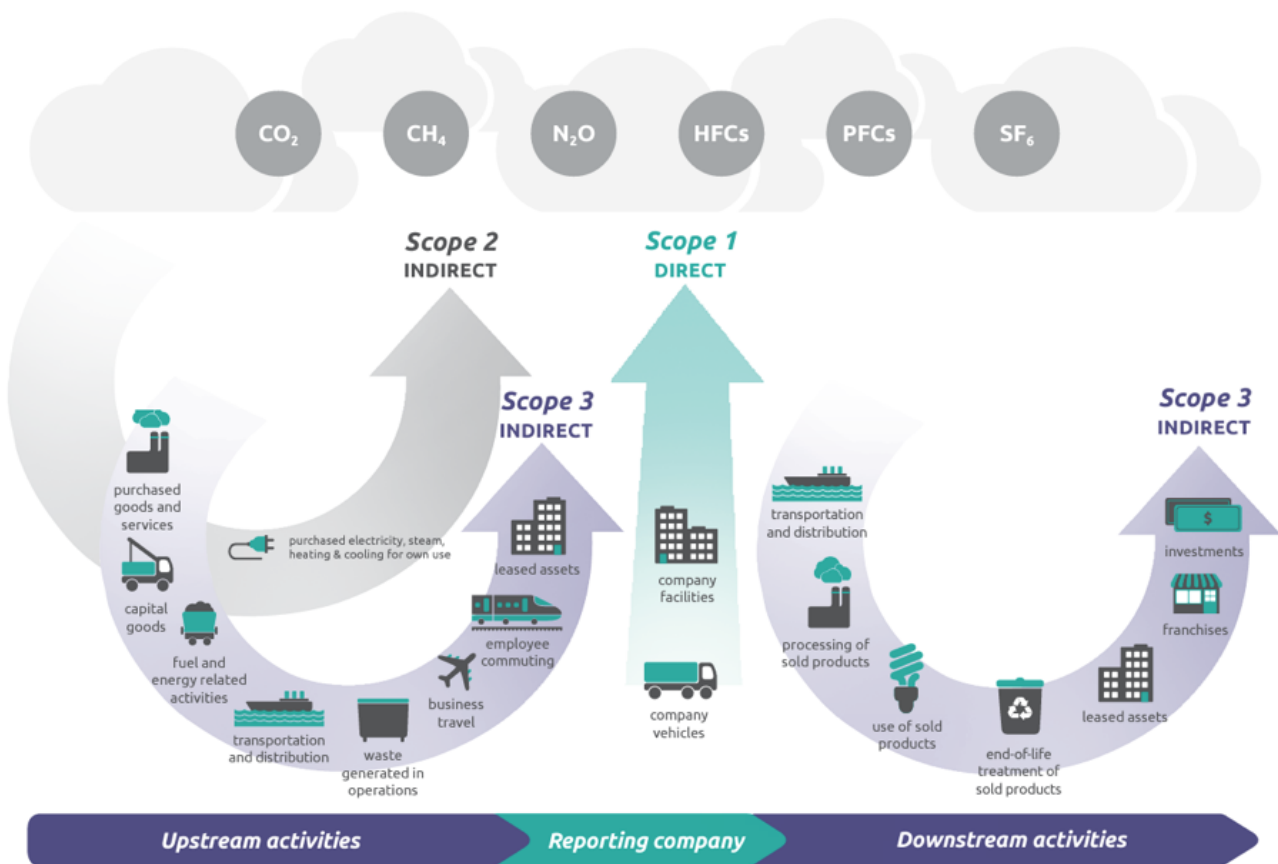


Figure 2: Overview of scopes and emissions across the value chain (GHG Protocol)

SOURCE:

¹“FAQ - GHGPROTOCOL.ORG.” ACCESSED JUNE 7, 2022. [HTTPS://GHGPROTOCOL.ORG/SITES/DEFAULT/FILES/STANDARDS_SUPPORTING/FAQ.PDF](https://ghgprotocol.org/sites/default/files/standards_supporting/faq.pdf).

²“GLOBAL ESG BENCHMARK FOR REAL ASSETS.” GRESB. ACCESSED JUNE 7, 2022. [HTTPS://GRESB.COM/NL-EN/](https://gresb.com/nl-en/).

IS MEASURING SCOPE 3 EMISSIONS FEASIBLE?

Admittedly, the disclosure of Scope 3 GHG emissions does involve challenges with respect to the availability of data, different calculation methodologies and estimates. However, their disclosure is becoming increasingly feasible because of the improved quality of information at our disposal. If big corporations such as [Apple](#)³, [Microsoft](#)⁴, [Google](#)⁵, and [PayPal](#)⁶ can do it today, it does not mean that smaller and medium enterprises cannot start doing so, even if not methodologically perfect at the beginning of their journey. At MindClick we are witnessing a growing number of hospitality companies, which are benefitting from our methodology for collecting Scope 1 and 2 emissions from their manufacturers. By doing so, they are able to quantify a significant amount of their Scope 3 emissions since on average, 40-70% of the embodied carbon of an interior design product comes from the energy used in the manufacturing process. This approach is helping our clients to start setting the first goals for supply chain emissions without necessarily having to resort to expensive and time-consuming Environmental Product Declarations (EPDs). The proposed transition period for large filers is by FY2023 and by FY2025 for smaller reporting companies (SRCs) for Scopes 1 and 2 disclosures. Entities subject to Scope 3 disclosure would have one additional year to comply, allowing adequate time for proper preparation and collection of data for disclosure, especially given the data MindClick has already captured to date.

MindClick Sustainability Assessment Program 2021 Reporting of Interior Furnishings and Equipment Manufacturers.

2021 Dataset	# Suppliers	# Directly Controlled Factories*	# Non-Directly Controlled Factories*	Total # Factories*
Energy Footprints	94	107	100	207
Carbon Footprints	80	86	65	151

2021 Dataset	# Suppliers	# Categories	# Factories*	# Product Families ²
Embodied Carbon Dataset ¹	94	107	100	207

*FACTORIES WORLDWIDE. ¹BASED ON NORMALIZED UNITS OF PRODUCTION AND CALCULATIONS FOLLOWING GHG PROTOCOLS.

²A PRODUCT FAMILY IS A CLASSIFICATION STRUCTURE TO AGGREGATE SKU DATA AND CAN REPRESENT TENS TO TENS OF HUNDREDS OF PRODUCTS.

SOURCE:

³"APPLE INC.," ACCESSED JUNE 7, 2022. [HTTPS://WWW.APPLE.COM/ENVIRONMENT/PDF/APPLE_ENVIRONMENTAL_PROGRESS_REPORT_2022.PDF](https://www.apple.com/environment/pdf/apple_environmental_progress_report_2022.pdf)

⁴"2021 ENVIRONMENTAL SUSTAINABILITY REPORT | MICROSOFT CSR." ACCESSED JUNE 7, 2022. [HTTPS://WWW.MICROSOFT.COM/EN-US/CORPORATE-RESPONSIBILITY/SUSTAINABILITY/REPORT](https://www.microsoft.com/en-us/corporate-responsibility/sustainability/report). ⁵"SUSTAINABILITY REPORTS & CASE STUDIES." GOOGLE SUSTAINABILITY. ACCESSED JUNE 7, 2022. [HTTPS://SUSTAINABILITY.GOOGLE/REPORTS/](https://sustainability.google/reports/)

⁶"PAYPAL GLOBAL IMPACT REPORT." ACCESSED JUNE 7, 2022. [HTTPS://S26.Q4CDN.COM/519805829/FILES/DOC_DOWNLOADS/PAYPAL-2021-GLOBAL-IMPACT-REPORT.PDF](https://s26.q4cdn.com/519805829/files/doc_downloads/paypal-2021-global-impact-report.pdf)

On the one hand, when the new SEC climate-risk disclosure becomes mandatory, it may well involve increased compliance costs and capital investments for companies that are not focusing on these issues currently. On the other hand, MindClick's experience shows that the SEC rule will allow organizations to recognize and turn their supply chain challenges into opportunities, making them more resilient, innovative, and reliable. MindClick clients, including Fortune 500 hotel companies, are requiring their suppliers to complete annual 3rd party assessments of environmentally and socially responsible business practices extending to their material sourcing, manufacturing, packaging, distribution, and extended producer responsibility initiatives. The proposed

SEC rules will only incentivize more companies to do the same with their supply chain, activating competition for better environmental impacts achieved through performance optimization and innovation. As a result of realized operating efficiencies, data transparency, and competitive pressures, hotel companies are 'greening their global supply chains' without material cost increases.

Finally, determining the materiality of Scope 3 emissions should not be controversial based on the definition from

the [GRI](#)⁷, "relevant topics are those that may reasonably be considered important for reflecting the organization's economic, environmental and social impacts, or influencing the decisions of stakeholders." Today, scope 3 emissions are increasingly understood as an important component of investment-risk analysis because, for most organizations, they represent by far the largest portion of an entity's carbon footprint. In 2018, the [CDP](#)⁸ determined that approximately 40% of global GHG emissions are driven or influenced by organizations through the goods and services they purchase or sell (in other words, through their Scope 3 emissions). More evidence shows that, for many entities, these scope 3 emissions from their supply chain constitute up to 90% of their total GHG emissions. If this is the case, how can scope 3 emissions be considered not material, especially for those companies that are emphasizing their commitments to net-zero?



Figure 3: NeilAllen product spotlight

SOURCE:

⁷ "MATERIALITY AND TOPIC BOUNDARY." GRI - MATERIALITY AND TOPIC BOUNDARY. ACCESSED JUNE 7, 2022. [HTTPS://WWW.GLOBALREPORTING.ORG/HOW-TO-USE-THE-GRI-STANDARDS/QUESTIONS-AND-ANSWERS/PRE-2021-GRI-STANDARDS-SYSTEM-FAQ/MATERIALITY-AND-TOPIC-BOUNDARY/](https://www.globalreporting.org/how-to-use-the-gri-standards/questions-and-answers/pre-2021-gri-standards-system-faq/materiality-and-topic-boundary/).

⁸ "HOW CAN COMPANIES ADDRESS THEIR SCOPE 3 GREENHOUSE GAS EMISSIONS?" CDP. ACCESSED JUNE 7, 2022. [HTTPS://WWW.CDP.NET/EN/ARTICLES/COMPANIES/HOW-CAN-COMPANIES-ADDRESS-THEIR-SCOPE-3-GREENHOUSE-GAS-EMISSIONS](https://www.cdp.net/en/articles/companies/how-can-companies-address-their-scope-3-greenhouse-gas-emissions).

FINANCIAL IMPLICATIONS: RISKS, IMPACTS, AND ROI

Besides materiality, addressing and disclosing scope 3 emissions becomes not only a matter of moral responsibility, but of financial relevance both for single organizations and for the society. The hotel industry, for example, is being increasingly forced to consider the risks of climate change and its impacts on their **clients' choices** as well as on the **physical integrity** of their infrastructure and **business continuity**.

Today investors are factoring ESG performance in asset valuation across a wide variety of asset classes, including hotels. According to [ULI & PwC's 2021 Emerging Trends in Real Estate](#)⁹ report, 79% of survey respondents (comprised primarily of asset managers) identified ESG risks as an important factor in investment decision-making, and 49% stated they would be willing to divest from companies that are not taking sufficient action on ESG issues.

Top line financial performance is impacted both by consumer preference and corporate travel criteria. A growing number of leisure and corporate travelers alike are concerned about the carbon footprint and the environmental impacts of their travel choices. Millennials and, even more, Gen Z are increasingly holding organizations accountable for their sustainability strategies, including their [corporate travel policies and frameworks](#)¹⁰.

According to [Skift](#)¹¹, 53% of travelers are willing to pay more for environmentally sustainable products. In its annual survey on sustainability, the hotel platform [Booking.com](#)¹² recently found 71 percent of respondents planned to travel greener, up 10 percent over 2021 results. More than half claim they are more determined to make environmentally responsible travel choices this year.

Research conducted by MindClick following the renovation of a Courtyard by Marriott identified an increase of 150% in guest satisfaction and loyalty amongst guests made aware of the ways the interior furnishings contributed to environmental and social responsibility.

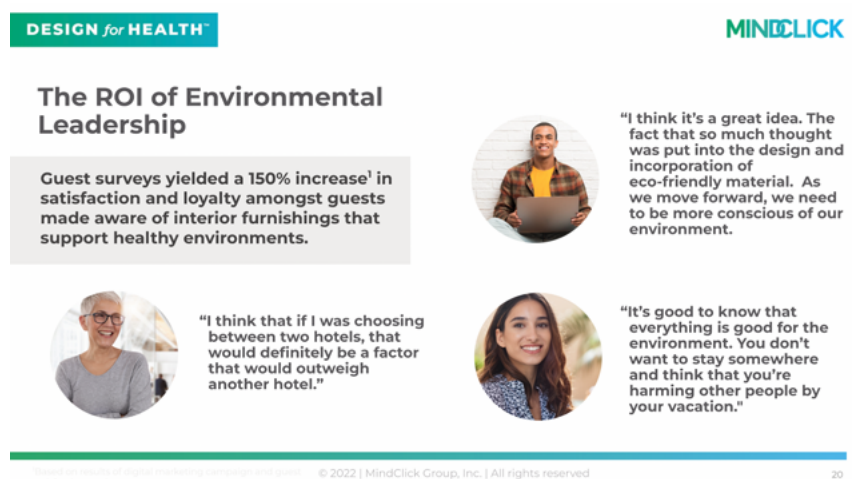


Figure 4: The ROI of environmental leadership

SOURCE:

- ⁹ "UNITED STATES & CANADA EMERGING TRENDS IN REAL ESTATE." ACCESSED JUNE 7, 2022. [HTTPS://KNOWLEDGE.ULI.ORG/-/MEDIA/FILES/EMERGING-TRENDS/2021/EMERGING-TRENDS-IN-REAL-ESTATE-UNITED-STATES-AND-CANADA-2021---FINAL.PDF](https://knowledge.uli.org/-/media/files/emerging-trends/2021/emerging-trends-in-real-estate-united-states-and-canada-2021---final.pdf).
- ¹⁰ "SUSTAINABILITY IN BUSINESS TRAVEL: REPORT - SAP CONCUR." ACCESSED JUNE 7, 2022. [HTTPS://WWW.CONCUR.COM/EN-US/RESOURCE-CENTER/WHITEPAPERS/CORPORATE-TRAVEL-SUSTAINABILITY-INDEX](https://www.concur.com/en-us/resource-center/whitepapers/corporate-travel-sustainability-index).
- ¹¹ "THE GREENING OF TRAVEL: EMBRACING THE RESPONSIBILITY." SKIFT. ACCESSED JUNE 7, 2022. [HTTPS://SKIFT.COM/SGF-MAGAZINE-2019/](https://skift.com/SGF-MAGAZINE-2019/).
- ¹² "SUSTAINABILITY TRAVEL REPORT 2022." ACCESSED JUNE 7, 2022. [HTTPS://GLOBALNEWS.BOOKING.COM/DOWNLOAD/1161485/BOOKING.COM/SUSTAINABLETRAVELREPORT2022FINAL.PDF](https://globalnews.booking.com/download/1161485/booking.com/sustainabletravelreport2022final.pdf).

According to [research](#)¹³ conducted by the Global Business Travel Association (GBTA) on travel managers in the U.S. and Canada, about half of companies expect to focus more on the social and environmental impact of their business travel programs post-pandemic.

The business traveler is more often associated with companies that have set ambitious decarbonization targets (e.g., Science Based Targets, net-zero pledges, etc.), which typically include a review of their business travel policies – hence their scope 3 emissions. As more corporations commit to Science Based Targets and to meeting net-zero emissions goals, hotel groups need data on Scope 3 emissions to position themselves to capture this significant market share.

How will business travel most likely change post-pandemic?

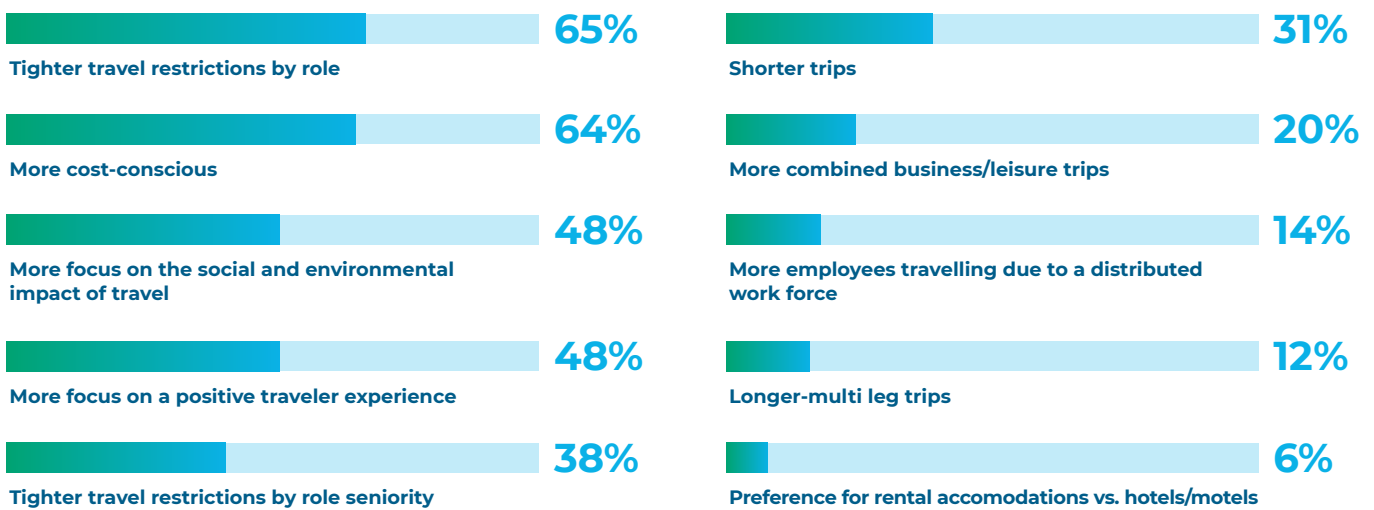


Figure 5: How will business travel most likely change post-pandemic? (Greenbiz)

Maximizing asset value is directly impacted by reducing risks for investors. This can be achieved by implementing initiatives to ensure compliance with expected future environmental regulations, mitigate expensive decarbonization efforts, and avoid increased operating costs from energy inefficiency or design and construction supply chain disruptions. According to [McKinsey](#)¹⁴, “as climate change makes extreme weather (e.g., flooding, wildfires, hurricanes) more frequent and/or severe, it increases the annual probability of events that are more intense than manufacturing assets are constructed to withstand, and supply chain disruptions become more common.” Since these disruptions present a range of challenges to hotels and their ability to open and operate, causing significant cost overruns, MindClick is witnessing a growing demand from hotel groups to monitor the emissions of their suppliers, which they report under their scope 3 category.

SOURCE:

¹³ FRIEDRICHSEN, CEO OF EMBURSE, ERIC. “SUSTAINABLE POST-COVID BUSINESS TRAVEL REQUIRES CORPORATE ACTION.” GREENBIZ. ACCESSED JUNE 7, 2022. [HTTPS://WWW.GREENBIZ.COM/ARTICLE/SUSTAINABLE-POST-COVID-BUSINESS-TRAVEL-REQUIRES-CORPORATE-ACTION](https://www.greenbiz.com/article/sustainable-post-covid-business-travel-requires-corporate-action).

¹⁴ MCKINSEY GLOBAL INSTITUTE. “COULD CLIMATE BECOME THE WEAK LINK IN YOUR SUPPLY CHAIN?” MCKINSEY.COM, AUGUST 2020. [HTTPS://WWW.MCKINSEY.COM/~/MEDIA/MCKINSEY/BUSINESS%20FUNCTIONS/SUSTAINABILITY/OUR%20INSIGHTS/COULD%20CLIMATE%20BECOME%20THE%20WEAK%20LINK%20IN%20YOUR%20SUPPLY%20CHAIN/COULD-CLIMATE-BECOME-THE-WEAK-LINK-IN-YOUR-SUPPLY-CHAIN-V3.PDF](https://www.mckinsey.com/~/media/mckinsey/business%20functions/sustainability/our%20insights/could%20climate%20become%20the%20weak%20link%20in%20our%20supply%20chain/could-climate-become-the-weak-link-in-your-supply-chain-v3.pdf).

FINANCIAL DUE DILIGENCE AND CREDIT APPROVAL

ESG is growing in importance with commercial property lenders following a similar ESG route as investors. The leading banks have committed to net zero financed emissions by 2050. Financiers and equity partners are retaining MindClick's services to track and report the environmental and social impacts of the interior products selected in support of hotel renovations and new construction.



Figure 6: The value chain of the built environment

Financing Criteria is Changing: Net Zero Financed Emissions by 2050

“Morgan Stanley leads with its values, we are proving that capital can create change.”

Audrey Choi
Chief Marketing Officer, Chief Sustainability Officer

MINDCLICK

Morgan Stanley, Citi, Goldman Sachs, J.P.Morgan, BANK OF AMERICA, WELLS FARGO

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Figure 7: The changing nature of financing criteria

WHY ARE ORGANIZATIONS GREENING THEIR GLOBAL SUPPLY CHAIN? WHY ARE THEY DOING IT VOLUNTARILY?

Supply chains are the lifeblood of organizations, even more so in a service business which cannot function without the help of thousands of global manufacturers of FF&E, building products, operating supplies and equipment (OS&E), food and beverage, and more.

In 2019, the travel and tourism sector directly and indirectly accounted for 10.3% of total global GDP, and 330 million – or 1 in 10 jobs worldwide, according to the [World Travel and Tourism Council](#)¹⁵. Hotel facilities have some of the highest rates of carbon emissions, as well as power and water consumption, of any property type. Every 5-7 years a hotel undergoes renovation, spending millions of dollars in purchases of FF&E and architectural building products. The average cost to build a hotel ranges from **\$115,000 to \$1.5 million per room**. Most owners or operators are unwilling to spend an additional dollar more than needed, especially to “be green” without – they claim – a clear ROI.

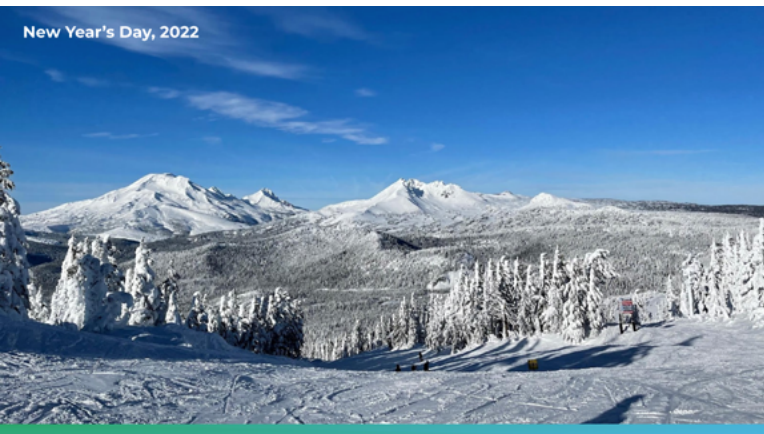
In 2021, Bend, Oregon was named by Forbes Magazine as one of the top 10 destinations to visit globally in the next ten years – the only location in the United States to be listed. Centered in the Cascade Mountains, Bend is known for world class rock climbing, skiing, white water rafting, mountain biking, golf, and microbreweries. Approximately 20,000 visitors a day contribute almost \$1B in tourism dollars. Mt. Bachelor, a world-renowned ski resort 20 minutes outside of Bend, used to have so much snow, the US ski team routinely chose it for summer training. The impacts of a warming planet are highly visible in Bend. January 1, 2022 was a bluebird ski day - except it was over 40 degrees. The average snowpack has declined steadily over the past 20 years. “[Dwindling](#)¹⁶ snowpack in the Cascades is starting to raise alarms that Bend and other Central Oregon cities are headed for a fourth straight year of drought. Wickiup Reservoir, which supplies irrigation water to the North Unit Irrigation District in Jefferson County, is on pace to fill to its lowest level in history. The reservoir is just 44% full with less than seven weeks left before the start of the irrigation season. Typically, by this time of year the reservoir is 84% full.”

Bend’s summers are now filled with forest fires and smoke from fires throughout the West. In 2021, two weeks of fires in Lake Tahoe, CA over Labor Day resulted in a loss of \$93M in tourism revenue, not including lost tourism revenue and health costs as far away as New York City stemming from extreme smoke and air quality conditions worse than found in cities in China. Combining revenues from Bend, Oregon, California, and NYC, over \$225B in annual tourism revenue is at risk.

SOURCE:

¹⁵ “TRAVEL & TOURISM ECONOMIC IMPACT: WORLD TRAVEL & TOURISM COUNCIL (WTTC).” WORLD TRAVEL & TOURISM COUNCIL. ACCESSED JUNE 7, 2022. [HTTPS://WTTC.ORG/RESEARCH/ECONOMIC-IMPACT](https://wttc.org/research/economic-impact).

¹⁶ BULLETIN, MICHAEL KOHNTH. “WORRIES GROW IN CENTRAL OREGON OVER DWINDLING SNOWPACK IN THE CASCADES.” THE BULLETIN, FEBRUARY 20, 2022. [HTTPS://WWW.BENDBULLETIN.COM/LOCALSTATE/BEND/WORRIES-GROW-IN-CENTRAL-OREGON-OVER-DWINDLING-SNOWPACK-IN-THE-CASCADES/ARTICLE_585E77D8-8B8E-11EC-8852-7B6C86222432.HTML](https://www.bendbulletin.com/localstate/bend/worries-grow-in-central-oregon-over-dwindling-snowpack-in-the-cascades/article_585e77d8-8b8e-11ec-8852-7b6c86222432.html).



← **JANUARY '22**
MT. BACHELOR (50°+)
\$1B/yr tourism Bend, OR

SUMMER '21 IN
OREGON & CALIFORNIA →
\$144B/yr tourism CA



← **JULY '21 NEW YORK CITY**
\$80B/yr tourism NYC

At its core, the hospitality industry provides shelter to the traveler through a physical building. With the built environment notably responsible for nearly [50% of global carbon emissions](#)¹⁷, the business of hospitality is both a contributor to and at risk of becoming a casualty of a warming planet.

SOURCE:
¹⁷ "WHY THE BUILT ENVIRONMENT?" ARCHITECTURE 2030. ACCESSED JUNE 7, 2022. [HTTPS://ARCHITECTURE2030.ORG/WHY-THE-BUILDING-SECTOR/](https://architecture2030.org/why-the-building-sector/).

MINDCLICK SUSTAINABILITY ASSESSMENT PROGRAM (MSAP) AND THE EXAMPLE OF MARRIOTT

More than ten years ago, these impacts were not yet apparent; however, Arne Sorenson, then CEO of Marriott International, heard the warnings of scientists and chose to take action by directing his organization to “green the global supply chain.” A core element of Marriott’s ESG program, [Serve360](#)¹⁸, greening the global supply chain was and still is a groundbreaking initiative recognizing and acting upon the critical role of supply chain in building, furnishing and operating hotels worldwide.

The green building movement began over 30 years ago to provide a means for LBEs – Leaders of the Built Environment (brands, owners, and operators) – and their teams of architects, designers, contractors, procurement agents and suppliers to rethink standard practices and build in resiliency, reduce carbon emissions, conserve water, and minimize waste. In response, manufacturers of products used to build and furnish hotels invest tens of thousands of dollars annually to certify their products’ sustainability performance.

Renovating hotel Interiors every 5-7 years is a standard hospitality business practice. With a supply chain eager to promote their sustainability story, Marriott leaders recognized the opportunity to start their ‘greening the global supply chain’ journey with interior furnishings – FF&E products.

This focus has proved prescient, as a study published by the [Carbon Leadership Forum in 2020](#)¹⁹ revealed that the cumulative embodied carbon of interior renovations actually surpasses the emissions of both the building structure and envelope.

With hundreds of differing eco-labels and certifications, combined with greenwashing (unsubstantiated marketing claims), buyers have struggled to understand “which product is better” and have lacked a method for tracking the impact of their buying decision. This is the challenge the Marriott team faced as they set out to ‘green their supply chain’.

Marriott was introduced to MindClick by one of the largest suppliers of fabrics to the hospitality industry. This supplier, a family-owned business, had hired MindClick to complete a rating of their products’ environmental and social impacts, and recognized the value this could provide Marriott. Grounded in the principles of KAIZEN™ and continuous performance improvement from work with Toyota Motor Sales, and experienced in evaluating product sustainability performance, MindClick was chosen to support Marriott’s initiative. In collaboration with Marriott, 20 manufacturers of FF&E and Architectural Building Products, the US Green Building Council,

SOURCE:

¹⁸ “2021 SERVE 360 REPORT - CSR-MARRIOTT.” ACCESSED JUNE 7, 2022. [HTTP://SERVE360.MARRIOTT.COM/WP-CONTENT/UPLOADS/2021/09/2021_SERVE_360_REPORT.PDF](http://serve360.marriott.com/wp-content/uploads/2021/09/2021_SERVE_360_REPORT.PDF).

¹⁹ “WHY INTERIOR DESIGNERS MUST FIGHT CLIMATE CHANGE.” METROPOLIS, AUGUST 27, 2021. [HTTPS://METROPOLISMAG.COM/VIEWPOINTS/INTERIOR-DESIGNERS-CLIMATE-CARBON/](https://metropolismag.com/viewpoints/interior-designers-climate-carbon/).

and architects and design firms, MindClick created MSAP, the MindClick Sustainability Assessment Program. MSAP rates environmental and social impacts throughout the product life-cycle, in alignment with global standards including GRI, WRI, CDP, GHG Protocol, the Precautionary Principle, TCFD, GRESB, the UN Convention for Fair Labor & Human Rights, and the U.S. Green Building Council's LEED rating system. The MSAP rating delivers verified and comprehensive data and analytics covering key metrics such as embodied carbon, material health, waste, DEI and more.

Vendors participating in MSAP cover a wide range of organizations, from multi-generational family-owned businesses to publicly traded global leaders. Manufacturing facilities are located throughout the world and include those directly and non-directly controlled by MSAP participating vendors. Product and facility data is collected on an annual basis across nine key metrics throughout a product's lifecycle: Materials, Chemicals, Manufacturing-Environmental, Manufacturing-Social, Packaging, Distribution, Health, Facility Impact, and End of Use. Information is provided by manufacturers and all positive claims must be verified by supporting documentation. A multi-stage desk audit process then begins, in which claims and supporting documentation must align to earn credit.



Figure 8: MSAP Framework



Figure 9: MSAP Roadmap



Figure 10: ESG Progress with MSAP


In 2015, Marriott committed that 95% of products sourced in their top 10 FF&E categories would be those performing at the Leader level, the highest level in MSAP. As of 2020, Marriott is on track to achieve this goal, and as of 2021, almost 50% of the FF&E products specified for Marriott’s prototypical brands are contributing to reduced Scope 3 emissions.

2025 Local Sourcing Goal

As part of our 2025 Sustainability and Social Impact Goals, Marriott aims to locally source 50% of produce by 2025.

Marriott plans to establish companywide local sourcing guidance to begin tracking toward our Serve 360 Goal. In 2020, Marriott hotels continued to buy local products within their regions to support creative and innovative culinary programs.

For example, the JW Marriott Cancun Resort & Spa sources local corn from suppliers from the Peninsula de Yucatan region. This not only helps ensure a quality product, but also supports the local economy.



Responsible Seafood

Marriott remains committed to improving our seafood procurement practices. To support this commitment, we continued to invest in Fishery Improvement Projects (FIPs) to promote effective management of fisheries. This includes engaging with external partners including WWF to address overexploitation of species and improving bycatch handling training to local fishers.

MSAP for FF&E

In 2013, Marriott International joined the Hospitality Sustainable Purchasing Consortium, led by **MindClick**, to create an annual assessment of furniture, fixtures, and equipment (FF&E) suppliers and their products, now known as **MSAP**. In 2015, Marriott announced that by 2025, 95% of FF&E products specified for all prototypical brands would need to reach the highest rating in MSAP (Leader).

On an annual basis, Marriott’s FF&E suppliers complete rigorous survey-based product evaluations with MindClick—a global leader in environmental and social impact ratings of manufacturers and their products. Every aspect of a product’s life cycle is evaluated based on leading globally accepted standards for environmental and social responsibility. Ratings address healthy materials, manufacturing footprint, carbon emissions, waste reduction, and fair labor and human rights. Reporting and analytics, provided to suppliers, Marriott, and now to design teams through Design for Health, are driving the selection of products and improvement in performance to support the health of people and the planet throughout Marriott’s hotels worldwide.

2025 FF&E Goal

As part of our 2025 Sustainability and Social Impact Goals, Marriott aims to ensure that the top 10 FF&E product categories sourced are in the top tier of MSAP.

In 2020, **3,800+** FF&E products were evaluated across the top FF&E product categories. **38%** of these products scored in the top tier.

94% of FF&E was purchased from suppliers that reduce, reuse, or recycle packaging* in 2020.

* Based on North American suppliers.

Right: Tuna, National Marine Park Bonaire (© Casper Douma / WWF)

Figure 11: Marriott International 2021 ESG report, Serve360

2025 Sustainability and Social Impact Goals





Serve 360 Coordinates	2025 Sustainability and Social Impact Goals	Status	2020 Progress
 <p>Sustain Responsible Operations</p>	95% responsible sourcing in our top 10 priority categories	 BEHIND SCHEDULE	Assessed environmental and social business aspects of approximately 100 existing suppliers
	Locally source 50% of all produce, in aggregate (measured by total spend)	 BEHIND SCHEDULE	Developing companywide local sourcing guidance
	Top 10 furniture, fixtures, and equipment (FF&E) product categories sourced are in the top tier of the MindClick Sustainability Assessment Program (MSAP) for Marriott	 ON TRACK	38% of the products evaluated scored in the top tier "Leader" category

Figure 12: Marriott International 2021 ESG report, Serve360

Sustainable Buildings and Adaptive Reuse

From hotel design to the guest experience, sustainability is embedded into our business strategy. Our sustainability strategy is driven by a wide range of initiatives that have been fostered throughout our history of putting people first, giving back to communities, and operating more responsibly to *Serve Our World*. This includes efforts such as creating resource-efficient hotels, purchasing sustainable products, and supporting innovative environmental initiatives. We continue to evaluate opportunities to collaborate with associates, hotel owners, franchisees, suppliers, business partners, customers, and guests to actively reduce the environmental impact and potential business risks through the construction and operation of sustainable hotels.

Sustainability Certifications

By 2025, we aim to have 100% of our properties certified to a recognized sustainability certification and 650 LEED®, BREEAM®, or Estidama certified or registered hotels in our portfolio.

	2020	2025 Serve 360 Goals
 PROPERTIES CERTIFIED TO A RECOGNIZED SUSTAINABILITY STANDARD	32%	100%
 LEED®, BREEAM®, OR ESTIDAMA CERTIFIED OR REGISTERED HOTELS	245	650



We also have a target to achieve a minimum of LEED Gold certification for Core & Shell and Interiors at our new global corporate headquarters in Bethesda, Maryland, scheduled to be completed summer 2022.

Above: Rendering of Marriott's future headquarters (Bethesda, Maryland, United States)

Adaptive Reuse Projects

By 2025, we aim to collaborate with owners to develop 250 adaptive reuse projects. Through these projects, we can reuse and breathe new life into existing land or buildings – rather than destroying old sites and rebuilding using new materials. The embodied energy of the existing building reduces the overall carbon footprint compared to constructing that same building from the ground up. As of year-end 2020, Marriott has opened a total of 184 adaptive reuse projects globally since 2016.

Design For Health™

Design for Health by MindClick provides owners and their design teams access to MindClick Sustainability Assessment Program for Marriott International rated vendors to support healthy living through design. The program provides access to the environmental and social impact profiles of hundreds of vendors and their products, as well as tools to make healthy design specification a standard practice.

Design for Health provides access to MSAP verified ratings covering the entire lifecycle of furniture, fixture equipment and building products. Hotel design teams are able to quickly identify products that best support the health of people and the planet; those made using sustainable materials, free of toxins, a lower carbon footprint, reduced packaging, and operating practices that meet the strictest standards for fair labor and human rights.

**DESIGN
for HEALTH™**

BY MINDCLICK

Figure 13: Featured in Marriott's 2021 ESG report, MindClick's Design for Health program provides Marriott franchisees and their design teams with access to MSAP ratings and analytics. The tool help ensure the FF&E and Architectural Building products purchased are supporting Marriott's ESG goals - net zero carbon emissions, healthy materials, waste reduction, circularity, and Diversity, Equity & Inclusion (DEI) in every hotel project.

Today approximately 150 manufacturers of FF&E and Architectural Building products worldwide are providing MindClick with environmental and social impact data throughout the product life-cycle. As of 2021:

- ***Energy footprint data has been provided to MindClick for over 200 facilities used by nearly 100 vendors supplying products to furnish hotels worldwide.***
- ***Carbon footprint data has been provided for 151 facilities worldwide across 80 vendors.***
- ***MindClick is producing embodied carbon (scope 3 emissions) data for products across over 20 product categories representing 30% of items specified for brand standards, representing 92% of Marriott's portfolio and 5,184 properties nationwide.***
- ***Increasingly, manufacturers are reducing their carbon emissions in manufacturing through energy efficiency and conversion to renewable energy, delivering lower Scope 3 emissions.***

By retaining MindClick's services, Vendors access comparative performance information to green their products, obtain guidance to improve their ratings, and package their data and analytics to support their customer's ESG reporting needs. Global organizations across all sectors of the built environment (education, financial services, healthcare, hospitality, multi-family housing, retail, senior living, and more), are willing to pay MindClick to access data for use in establishing baseline performance measures and driving improvement in their supply chain. MindClick's SaaS business model minimizes reporting costs for all entities, delivers reporting efficiency and drives transformation in the supply chain.

CAN THIS BE ACCOMPLISHED BY OTHER PUBLICLY TRADED COMPANIES?

The partnership between Marriott International and MindClick has shown that not only can Scope 3 emissions be effectively tracked by large, publicly traded companies with complex supply chains, but managed and reduced. Through MSAP, vendors report on the environmentally and socially responsible practices that exist throughout their products' lifecycle, several stages of which have a direct impact on the embodied carbon of the product. Through annual MSAP assessments, the use of ratings and an emphasis on continuous improvement, vendors have enacted forward-thinking approaches to green their supply chain, better track their carbon emissions, and lower the embodied carbon of their products:

- **Valley Forge Fabrics reduced their carbon footprint by using recycled bio-oil as the primary fuel source in a European manufacturing facility.**
- **Shaw Carpet²⁰ implemented efficiency measures to decrease their energy and natural gas consumption from 2019 to 2020, even with increased production volumes. Shaw also produces renewable energy through the 1 MW solar array installed atop its carpet tile manufacturing facility in Cartersville, GA.**
- **Neil Allen installed a 120kW PV system along with a new, more efficiently insulated roof for their manufacturing facilities. The system was sized to offset 100% of the facility's energy usage once completed in late 2020. Even with a partial system in place starting in 2019, Neil Allen's emissions decreased by 33% from 2018 to 2020.**

Through the implementation of a common reporting system (MSAP), toolsets to allow for consistent data collection (footprint templates), and calculators based on globally accepted emission factors to ensure accurate reporting, Scope 3 emission tracking can be tackled in a scalable, pragmatic fashion for nearly any supply chain. MindClick's history with Marriott shows that the keys to success lie in the company's effort to first ensure that their supply chain participates in providing emission data, before then moving into targeted reductions over time. Certainly, this needs to occur within a clear and standardized global reporting framework. Finally, it's not uncommon for supply chain members to also set their own reduction goals, now that they too are aware of their baseline and can measure and report progress.

Once a baseline is established, reasonable goals and expectations of the supply chain can then be set and monitored accordingly. With business at stake, the supply chain is typically quick to meet customers' needs, ultimately contributing to net zero carbon emissions, meeting disclosure requirements for company valuation, and attracting and retaining customers and employees alike through a demonstrated commitment to environmental leadership.

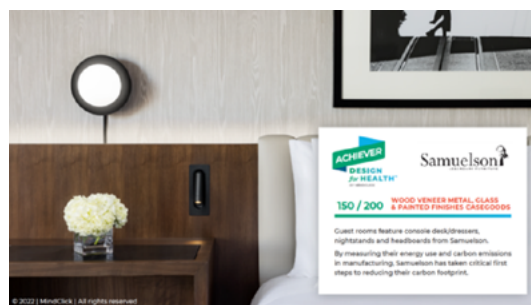
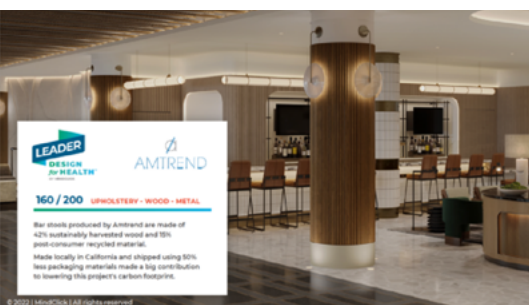


Figure 14: Amtrend product spotlight

Figure 15: Samuelson product spotlight

Figure 16: Kravet product spotlight

SOURCE:

²⁰ "SHAW INDUSTRIES ACHIEVES CARBON NEUTRALITY IN ITS COMMERCIAL CARPET MANUFACTURING OPERATIONS." SHAW INDUSTRIES GROUP, INC. ACCESSED JUNE 7, 2022. [HTTPS://SHAWINC.COM/NEWSROOM/PRESS-RELEASES/SHAW-INDUSTRIES-ACHIEVES-CARBON-NEUTRALITY-IN-ITS.](https://shawinc.com/newsroom/press-releases/shaw-industries-achieves-carbon-neutrality-in-its)

