

Possible or Not?: ESG Certification for Hotels and Resorts



Source: Pexels (2024)

Background

In a collaborative effort between the Malaysian Association of Hotels (MAH), inspection and certification company SGS Malaysia, and environmental sustainability consultancy SAIMATRIX INTEGRATED, the Malaysian hospitality industry took a significant step towards sustainable tourism with the launch of ESG Certification for hotels and resorts (TTG, 2024). Approved and endorsed by the Ministry of Tourism, Arts and Culture (MOTAC), the ESG certification aims to provide clear guidelines and a comprehensive, holistic, and measurable checklist for hotels and resorts in Malaysia, as well as serving as a benchmark to drive the industry towards the nation's 2030 vision for sustainable tourism (TTG, 2024).

To obtain ESG certification, hotels and resorts must follow a structured pathway that begins with Basic ESG Training from SAIMATRIX INTEGRATED, which introduces the certification requirements and essential ESG principles (SGS, 2024). After training, SGS conducts a pre-assessment and gap analysis to evaluate the establishment's current practices and areas for improvement. Based on these findings, hotels and resorts develop and implement action plans under the guidance of SAIMATRIX INTEGRATED to address identified gaps. Following the necessary improvements, a rigorous certification audit is conducted by SGS to evaluate compliance with the ESG framework. Upon successful completion of the audit process, hotels and resorts are awarded ESG certification, which must be renewed annually (SGS, 2024).

Challenges

While the ESG certification initiative is poised to drive the development of sustainable tourism in Malaysia, it faces several significant challenges. The general lack of sustainability awareness is cited as the biggest obstacle to introducing ESG strategies nationwide (Elite Asia, n.d.). Many hotels lack dedicated teams or personnel with the expertise to guide the implementation of ESG practices. Even when representatives attend pre-assessment training, effectively

disseminating knowledge throughout the organization can be difficult, which may hinder the implementation of necessary changes. There is also no guarantee of consistent compliance from hotels between annual renewal inspections, as some establishments may revert to less sustainable practices after certification without ongoing monitoring.

The certification process itself is complex and time-consuming, requiring extensive training and multiple visits to each hotel. Relying on a single auditing firm and consultancy to certify all participating hotels nationwide raises concerns about feasibility and capacity. Furthermore, current industry practice often requires only large companies to disclose and be rated on their ESG efforts, while small and medium-sized enterprises (SMEs)—which make up a significant portion of the Malaysian market—are typically excluded (BoardRoom, 2023). Many SMEs lack experience in compiling sustainability reports, and there is no existing benchmark for evaluating smaller businesses, which further complicates the auditing and certification process.

Implementing ESG practices also requires substantial investment, and small local businesses are often less capable than larger firms in terms of finance and human resources (Adenan et al., 2024). Without government incentives or adequate support, SMEs may be marginalized, as certified hotels attract more eco-conscious travelers and non-certified businesses are left at a competitive disadvantage. Since the certification is endorsed by the ministry, hotels that do not participate may find themselves at a significant disadvantage in the market. This could inadvertently undermine the goal of fostering a more sustainable hospitality industry if smaller businesses are excluded from the benefits of certification.

Discussion Questions

1. What are the main objectives of the ESG certification for hotels and resorts in Malaysia?
2. What roles do MAH, SGS Malaysia, and SAIMATRIX INTEGRATED play in the certification process?
3. What measures can be taken to ensure that the ESG certification process remains fair and accessible to all hotels, regardless of size or financial capability?
4. Considering the complexity of the certification process, what alternative approaches could be explored to streamline ESG certification and continuous monitoring of hotels and resorts?
5. How can the impact of the ESG certification initiative be measured in terms of its impact on sustainable tourism in Malaysia by 2030?

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Keywords

- Hotel
- Sustainable Tourism
- Industry Benchmark
- ESG Certification
- Sustainability Awareness
- ESG Audit