



Sustainable Hospitality Alliance
(A company limited by guarantee)

Report and Financial Statements
Year ended 31 December 2022

Charity number 1188731
Company number 12373950

Report of the trustees for the year ended 31 December 2022

The trustees are pleased to present their annual directors' report together with the consolidated financial statements of the charity for the period ended 31 December 2022 which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and the charities Statement of Recommended Practice (applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland; FRS 102, 2nd Edition) effective 1 January 2019.

Report of the trustees for the year ended 31 December 2022

Reference and administrative details

Directors and trustees

The directors of the charitable company (the charity) are its trustees for the purpose of charity law. The trustees and officers serving during the period and since the period end were as follows:

Board of Trustees:

Wolfgang M. Neumann, Chair
 Tim Davis, Vice-Chair (appointed 31 March 2022)
 Catherine Hammond, Treasurer
 Yasmin Diamond
 Stephen Farrant
 Melissa Froehlich Flood
 Pia Heidenmark Cook (resigned 15 December 2022)
 Daniella Foster (Appointed 08 March 2023)

Members of Board Sub-committees serving during the period and since the period end were as follows:

Finance Risk and Audit Committee:

Catherine Hammond, Treasurer
 Wolfgang M. Neumann, Chair
 Tim Davis, Vice-Chair
 Lesley Wolfenden
 Mike Reilly

Key management personnel

Senior Management Team:

Glenn Mandziuk CEO (appointed 02 May 2022)
 Patrick O'Meara (Interim CEO August 2021 to May 2022, Director of Business Development)
 Simon Le Gouais (Director of Finance and Resources & Company Secretary)

Reference and administrative details

Registered charity name	Sustainable Hospitality Alliance
Charity registration number	1188731
Company registration number	12373950
Registered address	2 Putney Hill, London, SW15 6AB
Auditor	Haysmacintyre LLP
Bankers	HSBC UK
Solicitors	Russell-Cooke LLP

Chair's report

This has been a particularly significant year for Sustainable Hospitality Alliance. We celebrated 30 years since we were founded back in 1992 by the CEOs from 11 of the world's leading hotel companies. Motivated by the UN Earth Summit in Rio de Janeiro and inspired by the then Prince of Wales, King Charles III, the industry came together and, recognising the urgent need for action, the International Hotel's Environment Initiative (IHEI) was born.

Thirty years on, I am immensely proud that not only is the work of the IHEI still going strong, now as the Sustainable Hospitality Alliance, but our organisation is bigger and more impactful than ever before, addressing a wider range of environmental and social challenges, and leading the industry towards our global ambition of Net Positive Hospitality. We are also highly pleased to have renewed our connection with our Royal Patron this year through our participation in the Sustainable Markets Initiative.

But it is notable that the need for our organisation is greater than ever before. The failure to mitigate climate change remains the most severe global risk according to the World Economic Forum¹, and almost three quarters of the global population live in countries where inequality has grown². Prior to the pandemic, the travel and tourism sector accounted for over 10% of global GDP and 10% of global jobs³, and the hospitality industry recognises that it has an influential role to play in contributing towards a better and more sustainable future for all.

To enable the Alliance to take on the scale of the challenges and opportunities that lie before us, the trustees were delighted to appoint Glenn Mandziuk as our new Chief Executive Officer, who took up his appointment in June 2022. We were unanimous in our agreement that Glenn has the vision, drive and experience to lead the Alliance into its next phase of growth and influence, and this has been evident from the charity's achievements this year and ambitions for the future.

This year has seen the charity's profile raise considerably. The team and trustees have featured on the global stage at sustainability conferences including UN Climate Conference (COP27), UN Biodiversity Conference (COP15) and UN Global Compact, in addition to the largest tourism trade events including ITB Berlin and World Travel Market. We also hosted our first high-level industry summit, welcoming senior leaders from across our membership and strategic partners to convene and share learnings on the pressing sustainability issues of today.

We are also seeing a notable increase in recognition from the hospitality industry for the need to incorporate sustainability principles into their operations and developments. The business case for sustainability is becoming ever stronger – being influenced by the changing demands of our guests, clients, partners, investors, regulators, media and even staff. While meanwhile the very tangible impacts of things like climate change, unethical employment, non-inclusive practices and negative effects on our natural world are very hard to overlook.

These increases in awareness and profile have also led to a significant growth in interest in becoming part of the Alliance. Our membership has more than doubled in the past year across our members and affiliate members, and we have formed new partnerships with over 30 organisations to expand our reach and specialist expertise.

¹ World Economic Forum (2023), [Global Risks Report 2023](#)

² United Nations citing [World Inequality Database](#)

³ WTTC (2022), [Economic Impact Report 2022](#)

All these developments leave me with a huge amount of confidence for the future of the Alliance, and our collective ability to make an even greater impact in 2023 and beyond. We thank all our members, partners and supporters including philanthropic organisations, governments and the private sector. Through the active engagement and expertise of our staff, members and partners, we will continue to drive collaborative action, make our vision of Net Positive Hospitality a reality and become a prosperous and responsible sector that gives back more than it takes.



Wolfgang M. Neumann
Chair, Sustainable Hospitality Alliance

Objectives and activities

Our vision and mission

Our vision is responsible hospitality for a better world.

Our mission is to drive collaborative action to enable the hospitality industry to have a lasting positive impact on our planet and its people.

We do this by bringing together engaged hospitality companies and strategic partners and using the collective power of the industry to deliver impact locally and on a global scale.

Summary of the purposes of the charity

The Charity's objects are, for the public benefit, anywhere in the world, to:

- advance education to prevent and relieve poverty and to relieve unemployment, in particular but not exclusively amongst disadvantaged young people.
- advance human rights (as set out in the Universal Declaration of Human Rights, the United Nations Guiding Principles on Business and Human Rights and subsequent United Nations declarations and conventions).
- promote the protection and preservation of the natural environment and sustainable development amongst participants in the global hospitality industry.
- further such other exclusively charitable purposes according to the law of England and Wales as the trustees in their absolute discretion from time to time determine.

The trustees confirm that they have referred to the information contained in the Charity Commission's general guidance on public benefit when reviewing the Sustainable Hospitality Alliance's aims and objectives, and in planning activities and setting strategy for the year ahead.

Summary of main activities

To achieve our objectives, we work with our members, partners and other stakeholders, to assess the key global challenges affecting our planet and its people. We then prioritise our activities and programmes to identify where we can collectively deliver the most positive impact towards our mission.

Aligned with the United Nations Sustainable Development Goals (SDGs), we commit to drive continued action in the following areas:

People – Advancing fair and inclusive opportunities for people and communities now and for future generations.

- **Equity, diversity and inclusion:** Promoting access to fair opportunities and creating environments that support inclusive employment and encourage advancement.
- **Human rights:** Supporting respect for human rights across the hospitality industry, addressing risks and strengthening ethical recruitment and employment.
- **Employability:** Enabling young people and those from particularly vulnerable backgrounds to get started in their careers by leveraging the power of the hospitality industry.

Planet – Safeguarding our natural environment for a thriving and diverse world for all.

- **Climate action:** Driving decarbonisation of the hospitality industry, limiting key drivers of climate change, and maximising our regenerative impact.
- **Water stewardship:** Addressing water risk within communities, embedding water stewardship programmes and furthering water-use efficiency.
- **Responsible resourcing:** Advancing sustainable procurement and consumption, enabling effective resource management, and minimising pollution and waste.

Policy on social investment and grant making

The charity works in partnership with its members and with organisations engaged in programmes in alignment with the Alliance’s objectives to deliver integrated social investment programmes particularly where members and partners can add value and reach to the Alliance’s objectives and activities as described above.

The trustees are mindful of their duties with respect to ensuring the charity is carrying out its purposes for the public benefit, that protecting people and safeguarding responsibilities are a governance priority and a fundamental part of its operations, and that where operating through partners, and especially internationally, trustees have legal duties and responsibilities in carrying out due diligence checks and monitoring in relation to the charity’s involvement with external bodies and individuals and verifying the end use of charitable funds.

Thus where working with partners, the charity:

- conducts careful due diligence prior to entering formal partnerships, and signs clear agreements setting out the work to be carried out, monitoring requirements, financial accountability and operational standards to be upheld.
- requires grantees to comply with its policies on Safeguarding, Anti-Bribery and Anti-Corruption, Anti-Fraud and Anti-Money Laundering, and Data Privacy and Protection.
- develops working relationships through training programmes and workshops that explain the Alliance’s approach on safeguarding, tackling financial crime and data protection.

During the year the charity funded work with the following partners:

- The Kherwadi Social Welfare Association (Goa, Bengaluru and Mumbai, India),
- Stanforte Edge (Lagos, Nigeria),
- Spence Evoluzione Charitable Trust (Colombo, Sri Lanka)
- Don Bosco Tech Society (Kochi, Kolkata and Delhi, India)

All were programmes training young vulnerable people for entry to the hotel industry.

Contribution made by members and volunteers

The members of the Sustainable Hospitality Alliance are the corporate organisations supporting the Alliance through annual financial donations and involvement in our work. They do not have a formal governance role.

The donor members make up approximately 40% of the global hotel industry by rooms and currently include 24 world-leading hotel companies with a combined reach of over 50,000 properties and 7 million rooms, including large and small hotel companies with both international and regional portfolios.

The Alliance launched its affiliate member programme in December 2021. The purpose of affiliate membership is to invite influential players across the value chain to participate in dialogue with each other and with our hospitality members, to share expertise and learning, to influence our pathway to net positive and to challenge, enable and inspire the movement through collaboration. Affiliate members have an advisory rather than a governance role. There are currently 14 affiliate members in place.

As our members differ in the size and scale of their operations, ownership structures, geographic footprint and the stage of organisational maturity on their sustainability journey, this gives us unique insights into the industry, and awareness of what is needed to drive progress on sustainability across the industry. With their technical know-how and expertise, we design and pilot solutions, create tools and resources, and showcase best practices to help any hotel, anywhere in the world, get started and progress on its sustainability agenda.

Our members also, from time to time, offer us additional support, in terms of secondments and resources, to help us get skills, resources and expertise in support of our work, either operationally or programmatically, and operate in a cost-effective way.

Throughout 2022 we were grateful for the support of our members and the industry as it responded to the great difficulties caused by the conflict in Ukraine and Covid. We were grateful to Marriott for its partnership in welcoming us to their London office, enabling our team to convene, work closely with colleagues and provide a welcoming space for our visiting members and partners.

Partnerships programme

This year saw the launch of the Alliances partnership programme, where we seek to officially partner with philanthropic organisations, non-profits, governments and the private sector who want to work with the hospitality industry to drive action on shared sustainability challenges.

This partnerships approach will form a central pillar of our strategy for 2023 to 2028. This approach has seen immediate impact with over 30 official partners announced. These partners are categorised as strategic, delivery, knowledge, supplier, funding or implementing partners.

Key achievements and performance: People

Employability:

Supporting local vulnerable and disadvantaged populations is an area the hospitality sector has the potential to impact and influence at scale, while developing their employment and talent pipelines.

Through our employability programme, we focus on supporting young people who have faced a range of barriers (including people from low-income families, those living without parental care, survivors of human trafficking, refugees, and people with disabilities). Our programme aims to support them in developing the skills and experience to gain and sustain employment in hospitality and across many industries.

Our flexible programme delivery model consists of 100 hours of classroom training delivered through our local non-profit implementing partners. This is followed by two to four months of practical training with local employers. The trainees are then supported to find work with local businesses.

Projects:

Employability training programmes continued in India, Sri Lanka and Nigeria, where we worked with local hotels and implementing partners to support young people, people with disabilities and survivors of trafficking. We also supported local NGOs in Zambia and Lebanon to use our Core Employability Skills Curriculum and engage with local hotels to deliver the training programme.

In 2022:

- Over 520 trainees joined the employability programme
- 92% graduates were employed or returned to formal education

Through the projects, key learning across 2022 included potential for positive impact beyond immediate outcomes. During an internal evaluation, which included interviews with programme graduates and local stakeholders, we recorded substantial positive impact on vulnerable groups' emotional, social, and economic capital. Findings included that average income increased by 80% and 72% recorded a positive change in relationships.

"After taking part in the training programme, I noticed a drastic development in myself. I learned that I have a 'never give up' attitude and am very capable of tending to guests needs, even during the busiest times."

"I learned that I have the ability to learn fast on the job, and good time management. The programme has helped me to know that disability is not a limitation. I am going to seize this golden opportunity to build my career and also expand my knowledge in this field."

"The training program has helped me to be a courageous and independent individual. I have a strong feeling that the things that I have learned in this training will help me to work towards building my career. I wish to work and make it to a higher position in a top-tiered hotel."

Refugees

In spring 2022 the Alliance came together with its members to develop a collaborative sector response for Ukrainian refugees. Across Europe, hotels had been providing accommodation to refugees during their journeys, ensuring that their colleagues were financially supported where operations had ceased, provided donations to charities to support their efforts, and finding employment for existing staff who needed to relocate and displaced people needing new jobs.

Representatives from Accor, Four Seasons, Hilton, IHG Hotels and Resorts, Marriott International and Radisson Hotel Group were therefore able to work together to share on-the-ground experiences and best practices to support the development of a Refugee Response Hub. The hub features guidance for hotels to support the recruitment of refugees and internally displaced people, as well as guidance for hotels on providing accommodation and a welcoming experience for people and families in transit. It also provides access to training resources to enable refugees to re-skill themselves for jobs in the industry.

Subsequently, the Alliance worked in collaboration with Harri to develop a launch a united platform to provide opportunities for refugees. Initially running as a pilot for Ukrainian refugees looking for hospitality work throughout Europe, the platform provides a centralised space for hotel brands to post job opportunities, and a simple online system for refugees to apply and interview for roles while in transit or looking to leave Ukraine.

The website, which is available in both Ukrainian and English, includes jobs postings from leading brands including Radisson Hotels Group, Accor and IHG Hotels & Resorts. The ambition is that this platform can be rolled out globally, both in response to a disaster and as an ongoing support mechanism for the almost 90 million people who are currently forcibly displaced worldwide. By December 2022 there were: 67 jobs posted with 155 applications.

In addition to bringing together the hotel industry, the Sustainable Hospitality Alliance worked with the International Rescue Committee (IRC) to make the employment opportunities available to refugees, along with the Tent Partnership for Refugees (Tent) – a network of major companies committed to economically integrating refugees in their new communities.

Human Rights

The services industry (which includes hospitality and transportation) accounts for the largest share of forced labour exploitation impacting almost 5.5 million people globally.⁴

In 2022, the Sustainable Hospitality Alliance continued our three-year collaboration with the International Organization for Migration (IOM) on the project “Promoting Ethical Recruitment in the Hotel and Tourism Industry” to develop relevant training resources for the hospitality industry. As part of the project, IOM and the Alliance developed training for key internal stakeholders in HR, Operations and Finance/Procurement at country level, hotel level, and corporate level with the aims to establish ethical recruitment standards in cross-border labour migration and make international recruitment fair for everyone involved. Training modules included content on:

- Ethical recruitment principles and the IRIS Standard
- Policies and commitment
- Grievance, remedy, and migrant voice

⁴ ILO (2023), [Global Estimates of Modern Slavery](#)

Member hotel companies had the option to participate in pilot training sessions featuring corporate and regional hotel teams, including HR, Procurement, and Legal team members, and provided feedback and input to help the Alliance to enhance the training resource development.

Over 300 participants across four brands representing over 22,000 hotels took part in the Ethical Recruitment training programme at a corporate level. The programme has helped to promote consistency and coherence in the diverse ownership structures within the different geographies when approaching ethical recruitment and human rights. The programme has also made it easier for teams to work towards common goals such as the Alliance's Principles on Forced Labour and these standards can be effectively implemented across the emerging regions of the world.

Over the three years of the project, participating members have implemented the following:

- Review of existing materials
- Developed responsible recruitment standards
- Supplemented high level human rights policies
- Added remediation guidance to Ethical Recruitment toolkits
- Identified the need to engage with HR and other key departments
- Undertook labour supply chain mapping

The next phase of the project is to implement learnings from pilots and to make the trainings available to the industry at large.

Key achievements and performance: Planet

Striving for a Net Positive industry

The need for increased action on environmental impact – from all sectors – is now urgent and recognised by governments, business and the public. We have therefore set a global ambition for the industry of Net Positive Hospitality – giving back to our communities and destinations more than we take.

To support every hotel to work towards this ambition – no matter their starting point – we developed the [Pathway to Net Positive Hospitality for the Planet](#). This is a practical strategic action framework with increasing stages of environmental maturity, which supports the industry to focus on the most meaningful environmental actions. The aim is also to encourage a more joined up approach and shared responsibility towards sustainability, with practical guidance for asset owners, as well as brands and operators. The Pathway covers key environmental issues including climate action, water stewardship, waste and circular economy, and biodiversity protection and regeneration.

We launched the first two stages of the Pathway in March 2022 at ITB Berlin – the leading global trade fair – supported by the CEOs of IHG Hotels & Resorts, Marriott International, Radisson Hotel Group, Hilton, Accor, Wyndham Hotels & Resorts, Deutsche Hospitality, Kerten Hospitality and

Soneva. We are continuing development on the Pathway to explore the more complex challenges and incorporate social and governance elements into the journey.

Climate action

With the importance of sustainability increasing in the eyes of customers – both public and corporate travellers – in addition to other key stakeholders and business partners such as hotel investors, regulators and even staff, there is a huge need for consistent and transparent systems for hotels to monitor and report on their progress.

In 2012, we created the Hotel Carbon Measurement Initiative (HCMI), a free methodology and tool to enable any hotel to understand their carbon footprint. This year, we launched an updated version of the methodology to further align with GHG Protocol and encourage reporting of renewable energy purchases.

This tool is now being used by over 30,000 hotels including those of Hyatt, Marriott International, Radisson Hotel Group and Scandic, and business travel platforms for corporate travellers. In addition, HCMI is supported by leading industry organisations, including World Travel & Tourism Council (WTTC), American Hotel & Lodging Association (AHLA), Global Sustainable Tourism Council (GSTC), Global Business Travel Association (GBTA) and the Cornell Hotel Sustainability Benchmarking index (CHSB). The methodology has also been recognised at the governmental level, with data based on it used in the UK government's greenhouse gas reporting calculator. It also supports users of the UNWTO's Glasgow Declaration for Climate Action in Tourism.

We are calling on the hospitality industry, including corporate clients and booking platforms, to use common measurement metrics to ensure a transparent and globally comparable approach to sustainability reporting.

Responsible resourcing

The Sustainable Hospitality Alliance is a proud supporter of the UN Global Tourism Plastics Initiative (GTPI) which unites the tourism sector behind a common vision to address the root causes of plastic pollution.

The Global Tourism Plastics Initiative requires tourism organisations to make a set of concrete and actionable commitments by 2025 which include eliminating problematic or unnecessary plastic packaging and items and taking action to move from single-use to reuse models or reusable alternatives.

The Alliance collaborated with United Nations World Travel Organisation (UNWTO) and United Nations Environment Programme (UNEP) to develop a resource designed to help hotels understand the use of plastic in their operations. The [Plastics Measurement Methodology for Accommodation Providers](#) also helps hotels to identify priority items and focus their plastics reduction efforts where they can have the most impact. Additionally, the tool supports signatories of the Global Tourism Plastics Initiative (GTPI) to report on their progress towards their commitments.

To support our work on responsible waste management, we also partnered with WWF to produce educational content for the industry on the importance of sustainable food and actions hotels can take to reduce their impacts. This covered topics including the carbon impacts of meal choices and food waste as well as how sustainable food can have an impact on biodiversity.

Biodiversity

More than 80% of the value of Travel & Tourism goods and services is highly dependent on nature – from the demand for raw materials to the popularity of nature-based tourism.⁵

During the United Nations Biodiversity Conference COP15 we announced a new collaboration with the World Travel & Tourism Council (WTTC) and United Nations World Tourism Organisation (UNWTO) which will bring together the public and private sectors in a shared vision to halt and reverse biodiversity loss by 2030. Signatories to the vision have committed to adopt a nature positive approach to tourism through integrating biodiversity safeguards by reducing carbon emissions, the impact of pollution, the unsustainable use of resources, and by protecting and restoring nature and its wildlife. Over 150 organisations have signed up to the vision so far including international hotel groups, tour operators, travel agents, destinations, and international wildlife charities.

Raising awareness of the industry's work on global stages

Convening the industry

In October 2023, we hosted our first high-level industry summit on Net Positive: Hospitality with purpose, for people, planet and prosperity. This was an exclusive event attended by senior leadership from the Alliance's Members, comprising world-leading hotel brands, operators, owners, investors and other partners, alongside our strategic partners and collaborators.

The Summit featured a range of expert panellists, from within and outside the industry, who examined the current sustainability challenges and driving factors, and shared best practice examples and expertise of current actions and innovations. This included Dr. Dirk Glaesser, Director, Sustainable Development of Tourism at UN World Tourism Organisation, and Dame Julia Cleverdon DCVO, CBE, Vice President of Business in the Community.

The event also featured high-level discussions that will feed into the development of our new five-year strategy, enabling every part of the industry to contribute towards achieving the global targets set by the UN Sustainable Development Goals.

The Sustainable Hospitality Alliance was also proud to announce a host of new members and a wide range of collaborative strategic partnerships, designed to reach the wider hospitality industry and inspire an even more joined up approach to sustainability. Our new strategic partners include the World Travel and Tourism Council (WTTC), the United Nations World Tourism Organization (UNWTO), American Hotel and Lodging Association (AHLA), Global Business Travel Association

⁵ WTTC (2022), [Nature Positive Travel and Tourism](#)

(GBTA), Global Sustainable Tourism Council (GSTC), International Organization for Migration (IOM) and the UK Green Buildings Council (UKGBC).

United Nations Climate Conference

A year ago, at the United Nations Climate Conference COP26, the Sustainable Hospitality Alliance became one of the founding signatories of the Glasgow Declaration on Climate Action in Tourism, urging the acceleration of climate action by securing commitments to reduce emissions in the sector by at least 50% over the next decade and achieve Net Zero as soon as possible before 2050.

One year on, the Sustainable Hospitality Alliance, represented by our Chief Executive Officer Glenn Mandziuk, joined the UN World Tourism Organization (UNWTO) at COP27 to present on policies and corporate strategies for scaling up climate action in tourism. We also spoke about climate and water action in destinations at the UNWTO Meeting of the Committee on Tourism Sustainability highlighting some of our regional programmes on water risk and supply chains.

Launching the Hospitality and Tourism Task Force

The Sustainable Hospitality Alliance was selected to co-chair the Sustainable Markets Initiative (SMI) Hospitality and Tourism Task Force. Launched at the United Nations Biodiversity Conference (COP15) in Montreal, the Task Force will comprise of CEOs from across the hospitality and tourism industry, under the leadership of the Sustainable Hospitality Alliance and the Considerate Group. It will also combine the expertise of hospitality associations, tourism partners and inter-governmental development organisations.

The Sustainable Markets Initiative was launched by the former Prince of Wales at the World Economic Forum 2020 Annual Meeting in Davos. The Task Force is aligned with the Terra Carta which provides a roadmap for the private sector to accelerate the transition to a sustainable future by harnessing the power of nature combined with the transformative power, innovation and resources of the private sector.

Task Force, which joins other significant sectors as part of the SMI including financial services, health systems and energy, will focus on creating new business models, reducing emissions, and investing in people to support a sustainable hospitality and tourism sector and communities. The Alliance will now focus on securing commitments from CEOs from across the leading hotel companies, with the full list of members confirmed in early 2023.

Guiding wider industry thinking

As the experts in sustainable hospitality, the Alliance continues to sit on various industry committees including:

- United Nation's Technical Experts for Transforming the Tourism Value Chain – a panel of experts providing guidance and support on projects which aim to improve sustainability of tourism in developing states.
- United Nation's One Planet advisory groups on food waste and plastics reduction.
- Cornell University's advisory group for the Cornell Hotel Sustainability Benchmark (CHSB), the industry's largest sustainability benchmarking index.

Plans for future periods

We recognise the need to support responsible recovery post-pandemic, raise aspirations, and enable the hotel industry to play the greatest role it can in leveraging its global might and local presence to support and protect the planet and its people.

The Alliance is moving towards a more holistic view of sustainability which encompasses people, planet, place and prosperity to ensure our ecosystems, communities and destinations all thrive.

We will be expanding our Pathway to Net Positive Hospitality to incorporate social and governance actions to augment the environmental framework launched early 2022. This will include strategies to better engage communities and develop destination-specific approaches to respond to local needs and situations.

This will be released in March 2023 with further work to follow on supporting hotels to benchmark their progress on the Pathway and align their external reporting with Net Positive ambitions.

Additionally, we have received funding from GIZ to carry out a project in several countries in Africa to map out the current scale of local sourcing by the hospitality industry, understand the barriers and determine what support the hotels and local suppliers need to increase the occurrence of local sourcing. This will initially be a small-scale scoping exercise but there is potential for further funding to then create the initiatives and tools which are highlighted as needs for hotels and suppliers.

People

Reporting impact data on people programmes remains a challenge as there are no standardised KPIs available. Therefore, as part of the Pathway development, the Alliance will be working on developing key metrics, as well as detailed guidance, tools and resources to support the sector to plan, implement and measure sustainable net positive social initiatives.

To increase accessibility for workers and customers we will be working with partner organisations to develop guidance materials and tools for hotels to become disability inclusive. Collating learning from employability projects we will be releasing a set of guidance materials for hotels and local partners to encourage and support a greater portion of the industry to work with and include disadvantaged groups. To ensure adaptation of stronger human rights awareness and practices at destination level, in 2023 we will start adapting Human Rights trainings and tools for hotel teams.

Planet:

To reflect changing realities at the destination level and help hotels account for the local context in their water stewardship activities, we are updating the Destination Water Risk Index which we first created in 2018. The Alliance, Greenview and STR collaborated to create v2.0 of the DWRI, expanding the number of destinations included from 68 to 379 (across 63 countries) and incorporating additional risk metrics. DWRI v2.0 will be released in March 2023 for World Water Day.

Throughout 2023, we will be reviewing HCMI with a view to expanding the methodology to cover the remainder of Scope 3 emissions and creating an online tool to make it more user-friendly and easily accessible to the wider industry.

To raise awareness within the industry about different options available to them to help fund their climate efforts we are co-creating a webinar series with IFC. This series will cover different financial solutions available to the hotel industry as well as how to assess, improve, and disclose the resilience of a hotel.

Financial review

The Charity was registered on 24 March 2020 and launched independent operations on 1 October 2020, having separated as a programme from Business in the Community (BITC), a registered charity (297716). 2022 saw our second full year of independence, with income and expenditure building on the secure foundations achieved in the previous the previous financial year.

During 2022, the Sustainable Hospitality Alliance recorded a net surplus on operations during the period of £49,650, reached after Income of £1,234,437 and Expenditure of £1,184,787

Our income came from Charitable Grants of £643,294, where support is received under specific agreements supporting restricted activities aligned to our objectives from a range of Institutional Donors, Foundations and Trusts and Corporate Bodies, as listed in the Notes to the Accounts³ Membership contributions of £554,558 related to the contributions from our corporate members, and Donations of £46,585, including in-kind donations of £42,381, by members for use of office space and Greenview Consulting for pro-bono work on our Hotel Carbon Measurement Initiative.

Expenditure comprises Support Costs (including the value of In-Kind donations), Staff Costs, and Grants to Partners and is analysed in the accounts to Fundraising and publicity, and Expenditure on charitable activities, split between the major activities of the Alliance, as set out in the Notes to the Accounts, the highest expenditure being on Human Rights and Youth Employment work.

At 31 December 2022, both Net Assets and Funds stood at £717,111. Net Assets included Cash held of £1,364,445, with Accruals and deferred income standing at £899,635, the majority of which is pre-paid membership or Deferred income and largely explains the excess of Cash over Net Assets.

Funds were made up of Restricted Funds of £8,612 and Unrestricted Funds of £708,499.

Structure, Governance and Management

Governing document

The Sustainable Hospitality Alliance is a company limited by guarantee governed by its Memorandum and Articles of Association dated 16 December 2019. It is registered as a charity with the Charity Commission.

Appointment of trustees

As set out in the Articles of Association the business of the Charity is governed by the Board of Trustees, the first members of which were the four subscribers to the registration of the Alliance and a Company. The number of Trustees must be a minimum of three and no more than nine. Trustees may be appointed by a resolution of the Board and serve for a term of up to three years and can be eligible for re-appointment for a further period of three years.

Trustee induction and training

New trustees undergo orientation to brief them on: their legal obligations under charity and company law, the Charity Commission guidance on public benefit, and inform them of the content of the Memorandum and Articles of Association, the committee and decision-making processes, the business plan and recent financial performance of the charity. During orientation they meet key employees and other trustees. Trustees are encouraged to attend appropriate external training events where these will facilitate the undertaking of their role.

Organisation

The Board of Trustees, which can have up to nine members, administers the charity. The board normally meets quarterly and has one sub-committee, the Finance Risk and Audit Committee, which also meets quarterly in advance of Board meetings or as often as necessary. A Chief Executive Officer is appointed by the trustees to manage the day-to-day operations of the charity. To facilitate effective operations, the Chief Executive Officer has delegated authority, within terms of delegation approved by the trustees, for operational matters including finance and employment.

Glenn Mandziuk was appointed as permanent CEO from the interim CEO Patrick O'Meara in May 2022. The trustees would like to record their thanks to Patrick for his work in supporting Glenn and the Alliance so effectively into 2023 and are grateful for his highly valued work as Director of business Development.

Related parties and co-operation with other organisations

None of our trustees receive remuneration or other benefit from their work with the charity other than reimbursement of expenses.

Trustees must declare any direct or indirect interest that conflicts, or may conflict with the interests of the Charity, because the Trustee or a Connected Person may receive a benefit from the Charity or has some separate interest or duty in a matter to be decided, or in relation to information which is confidential to the Charity. Declarations and updates are requested at each team meeting. Similarly all payments are reviewed monthly for related party transactions.

Pay policy for senior staff

The pay of the senior staff has been determined by Management together with the Finance Risk and Audit Committee on a review of pay levels in other similar organisations and in accordance with our Performance Related pay Policy..

Principal risks and uncertainties

The trustees have a risk management strategy which comprises:

- The Finance Risk and Audit Committee (FRAC) which works to undertake monitoring and supervision of both the current and future financial position of the Sustainable Hospitality Alliance, and associated risks.
- Maintenance of an Organisational Risk Register that identifies risks at an organisational level. The Register is developed and proposed by Senior Management initially to FRAC, and then to the Board of Trustees quarterly. The Register scores the risk in terms of impact and probability, provides a narrative commentary for the quarter, and details controls and mitigations in place and planned.
- Active involvement in emerging risk management, with Senior Management members, particularly through the Chair of the Board of Trustees and Chair of FRAC.

The trustees have assessed the risks that the Alliance is exposed to and have identified that the principal risk categories include:

Relevance:

- We become irrelevant, fail to innovate and to communicate Net Positive Hospitality effectively

- Our purpose, vision and mission are misunderstood or not communicated clearly and consistently

Operating Model

- We fail to grow or retain membership, affiliate membership and partnerships that add value
- Our delivery programmes & training fail to attract partners, funding and do not reach goals
- The advisory committees become disengaged, fail to endorse our strategy or reject it

Financial & Human Resource

- We do not attract the funding necessary to deliver our strategy over the next financial year.
- Failure to retain staff, ensure staff well-being and professional development and recruit effectively.

Governance & Compliance

- We fail an audit, suffer significant data breaches, put employees, partners and beneficiaries at risk.
- We are the victims of economic fraud
- We fail to adhere to regulations in countries we operate in

Intellectual Property

- We fail to continue to offer tools, resources, knowledge and methodologies to the global industry as an integral part of our charitable remit.
- We fail to enhance the equity value of the Alliance and Net Positive Hospitality brand and logo and monetize our IP, Brand and logo where appropriate

Reserves policy and going concern

The Trustees, having considered the risks outlined above have determined a desired range of reserve levels to be held in light of these risks to lie between £408,000 and £695,000.

The reserves to be deployed should be unencumbered by prior obligation and held as liquid assets.

Currently the organisation holds £708,572 of Unrestricted Reserves, of which £699,930 are unencumbered and free to be deployed to use. This level is within the required reserves range.

The trustees judged that a higher level of reserves was prudent given the uncertainty regarding the general economic outlook. The budget for 2023 therefore plans to keep reserves towards the higher value of the recommended reserves requirement.

The trustees review the financial circumstances of the Alliance as part of the quarterly FRAC review and consider that adequate resources continue to be available to fund the activities of the trust and group for the foreseeable future. The trustees are of the view that the company is a going concern.

Our approach to fundraising activities

The charity raises funds from member contributions, from institutional donors including Trusts and Foundations, International Development Organisations and Government Institutions in the UK and internationally. We have developed an Ethical Fundraising Policy to guide decisions on solicitation and acceptance of funds.

The charity does not currently actively fundraise from the public or run legacy campaigns or undertake similar fundraising activities. The trustees are though pleased to receive unsolicited gifts and legacies from patrons and supporters who generously support our work.

No complaints have been received from funders or beneficiaries in respect of fundraising activities undertaken by the alliance.

Trustees' responsibilities in relation to the financial statements

The charity trustees (who are also the directors of the Sustainable Hospitality Alliance for the purposes of company law) are responsible for preparing a trustees' annual report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the charity trustees to prepare financial statements for each year which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing the financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and the group and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement as to disclosure to our auditors

In accordance with company law, the Company's Directors confirm that:

- so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- as the Directors of the Company they have taken all the steps that they ought to have taken in order to make themselves aware of any relevant audit information and to establish that the Charity's auditor is aware of that information.

In preparing the Report of the Trustees the trustees have taken advantage of the exemptions available to small companies.

This report was approved by the board of trustees and signed on their behalf by Wolfgang M. Neumann, Chair:



Date: 28 June 2023

Independent Auditors report to the Trustees of Sustainable Hospitality Alliance

Opinion

We have audited the financial statements of Sustainable Hospitality Alliance for the period ended 31 December 2022 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2022 and of the charitable company's net movement in funds, including the income and expenditure, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Trustees' Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially

misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Annual Report (which includes the strategic report and the directors' report prepared for the purposes of company law) for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the Trustees' Annual Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report (which incorporates the strategic report and the directors' report).

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the charitable company; or
- the charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on pages 15 and 16, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the charitable company and the sector in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to regulatory requirements of the Charity Commission, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Charities Act 2011, Companies Act 2006 and payroll taxes.

We evaluated management's opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries and management bias in certain accounting estimates and judgements such as the income recognition policy applied to grant income. Audit procedures performed by the engagement team included:

- Inspecting correspondence with appropriate regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Review of minutes of meetings to identify expected material amounts of voluntary income; and
- Identifying and testing journals, using data analytics to select journal entries deemed to be higher risk across a number of different metrics; and
- Challenging assumptions and judgements made by management in their critical accounting estimates, including review of how grant income has been recognised at the period end.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation. A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Vikram Sandhu (Director)
For and on behalf of Haysmacintyre LLP, Statutory Auditors
Date: 10 July 2023

10 Queen Street Place
London
EC4R 1AG

SUSTAINABLE HOSPITALITY ALLIANCE STATEMENT OF FINANCIAL ACTIVITIES (including Income and Expenditure account)

FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	Unrestricted Funds	Restricted Funds	Total Funds Year ended 31-Dec-22
		£	£	£
INCOME FROM:				
Donations and legacies	2A	46,585	-	46,585
Alliance Membership contributions		544,558	-	544,558
Charitable activities				
Grants	3	-	643,294	643,291
TOTAL INCOME		<u>591,144</u>	<u>643,294</u>	<u>1,234,437</u>
EXPENDITURE ON:				
Raising funds				
Fundraising and publicity		110,458	-	110,458
Charitable activities				
Human Rights		-	249,254	249,254
Youth Employment		6,231	390,173	396,404
Climate Action		178,506	30,922	209,428
Water Stewardship		17,988	-	17,988
Cross organisational activities		196,828	4,427	201,255
TOTAL EXPENDITURE	5	<u>510,010</u>	<u>674,777</u>	<u>1,184,787</u>
Net gains/(losses) on investments		-	-	-
NET INCOME BEFORE TRANSFER FROM BUSINESS IN THE COMMUNITY		<u>81,133</u>	<u>(31,483)</u>	<u>49,650</u>
Net Transfer from Business In the Community	2B	-	-	-
NET INCOME	4	<u>81,133</u>	<u>(31,483)</u>	<u>49,650</u>
Transfer between funds		-	-	-
NET MOVEMENT IN FUNDS		<u>81,133</u>	<u>(31,483)</u>	<u>49,650</u>
Reconciliation of funds:				
Total funds brought forward		627,365	40,095	667,461
TOTAL FUNDS CARRIED FORWARD		<u><u>708,499</u></u>	<u><u>8,612</u></u>	<u><u>717,111</u></u>

All transactions are derived from activities that commenced during the period. The split between unrestricted and restricted donations and legacies is shown in note 3. There was no other restricted income or expenditure for the year ended 31 December 2021. All recognised gains and losses are included in the Statement of Financial Activities.

SUSTAINABLE HOSPITALITY ALLIANCE STATEMENT OF FINANCIAL ACTIVITIES (including Income and Expenditure account)

FOR THE PERIOD ENDED 31 DECEMBER 2021

	<i>Note</i>	<i>Unrestricted Funds</i>	<i>Restricted Funds</i>	<i>Total Funds Year ended 31-Dec- 21</i>
		£	£	£
INCOME FROM:				
Donations and legacies	2A	62,001	-	62,001
Alliance Membership contributions		306,209		306,209
Charitable activities				
Grants	3	5,000	639,742	644,742
TOTAL INCOME		<u>373,210</u>	<u>639,742</u>	<u>1,012,951</u>
EXPENDITURE ON:				
Raising funds				
Fundraising and publicity		83,710	-	83,710
Charitable activities				
Human Rights		4,530	236,652	241,183
Youth Employment		4,588	465,575	470,164
Climate Action		5,923	28,499	34,422
Water Stewardship		5,923	-	5,923
Cross organisational activities		74,352	-	74,352
TOTAL EXPENDITURE	5	<u>179,027</u>	<u>730,726</u>	<u>909,754</u>
Net gains/(losses) on investments		-	-	-
NET INCOME BEFORE TRANSFER FROM BUSINESS IN THE COMMUNITY		<u>194,182</u>	<u>(90,985)</u>	<u>103,198</u>
Net Transfer from Business In the Community	2B	-	-	-
NET INCOME	4	<u>194,182</u>	<u>(90,985)</u>	<u>103,198</u>
Transfer between funds		-	-	-
NET MOVEMENT IN FUNDS		<u>194,182</u>	<u>(90,985)</u>	<u>103,198</u>
Reconciliation of funds:				
Total funds brought forward		433,183	131,080	564,263
TOTAL FUNDS CARRIED FORWARD		<u>627,365</u>	<u>40,095</u>	<u>667,461</u>

Sustainable Hospitality Alliance Company Number 12373950

BALANCE SHEET

AS AT 31 DECEMBER 2022

		2022		2021	
	Note	£	£	£	£
FIXED ASSETS					
Tangible assets	8		8,642		6,923
Investments	9		-		-
			<u>8,642</u>		<u>6,923</u>
CURRENT ASSETS					
Debtors	11	284,024		155,495	
Cash at bank and in hand		<u>1,364,445</u>		<u>1,170,431</u>	
		1,648,469		1,328,926	
CREDITORS: amounts falling due within one year	12	(940,000)		(665,388)	
NET CURRENT ASSETS			<u>708,469</u>		<u>660,538</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			717,111		667,461
NET ASSETS			<u><u>717,111</u></u>		<u><u>664,461</u></u>
FUNDS	14				
Restricted funds			8,612		40,095
Unrestricted funds:					
Designated funds			(73)		36,639
General funds			<u>708,572</u>		<u>590,726</u>
			<u>708,499</u>		<u>627,365</u>
			<u><u>717,111</u></u>		<u><u>667,461</u></u>

The financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime. The financial statements were approved and authorised for issue by the Trustees on 28 June 2023 and were signed below on its behalf by:



Wolfgang M. Neumann. Chair.

Sustainable Hospitality Alliance

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022	2021
		£	£
Cash Flow from operating activities	21	199,834	223,301
Cash flows from investing activities			
Income from listed investments			
Other interest receivable			
Payments to acquire tangible fixed assets	(5,820)	(4,429)	
Disposal of tangible fixed assets			
Purchase of investments			
Sale of investments			
Cash used in investing activities		<u>(5,820)</u>	<u>(4,429)</u>
Increase/(Decrease) in cash and cash equivalents in the year		<u>194,013</u>	<u>218,872</u>
Cash and cash equivalents at the beginning of the year		<u>1,170,431</u>	<u>951,559</u>
		1,364,445	1,170,431
Change due to exchange rate movements			
Total cash and cash equivalents at the end of the year		<u><u>1,364,445</u></u>	<u><u>1,170,431</u></u>
Cash and cash equivalents			
Cash at bank and in hand		1,364,445	1,170,431
Cash held by investment manager		-	-
Cash at bank and in hand at the end of the reporting period		<u><u>1,364,445</u></u>	<u><u>1,170,431</u></u>

1 Accounting Policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

a) Basis of preparation

The financial statements have been prepared in accordance with the Charities: Statement of Recommended Practice (applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)) (2nd Edition effective 1 January 2019) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Sustainable Hospitality Alliance meets the definition of a public benefit entity under FRS 102.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

b) Preparation of the accounts on a going concern basis

The Sustainable Hospitality Alliance reported net income of £103,198 for the period. The trustees are of the view that ongoing funding agreements and membership contributions have secured the immediate future of the Sustainable Hospitality Alliance for the next 12 to 18 months, and that the current cash position and future projections indicate sufficient levels to continue operations without interruption, and that on this basis the charity is a going concern for the foreseeable future and that there are no material uncertainties in relation to the ability of the charity to continue as a going concern.

The trustees remain vigilant of the need to secure on-going financial support and to monitor financial commitments and cash flows to maintain the organisation's financial viability.

c) Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received, and the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received, and the amount can be measured reliably and is not deferred.

Grant income received in advance of performance or provision of other specified service it is deferred until the criteria for income recognition are met (see note 23).

d) Donated services and facilities

Donated professional services and donated facilities are recognised as income when the charity has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), the general time of volunteers not recognised; refer to the trustees' annual report for more information about their contribution.

On receipt, donated professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to

obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

e) Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the Bank.

f) Fund accounting

Unrestricted funds are available to spend on activities that further any of the purposes of charity. Designated funds are unrestricted funds of the charity which the trustees have decided at their discretion to set aside to use for a specific purpose. Restricted funds are donations which the donor has specified are to be solely used for particular areas of the Sustainable Hospitality Alliance's work or for specific projects being undertaken by the Sustainable Hospitality Alliance.

g) Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required, and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Costs of raising funds comprise fundraising and publicity and their associated support costs.
- Expenditure on charitable activities includes the costs of undertaking specific activities and projects in Human Rights, Youth Employment, Climate Action, Water Stewardship and Cross organisational activities and their associated support costs.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

h) Allocation of support costs

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include back-office costs, finance, personnel, other organisational running costs and are classified between Office expenses, Governance costs and Other support costs. These costs have been allocated between cost of raising funds and expenditure on charitable activities.

Support costs have been allocated to activities (whether raising funds or charitable activities) on the following bases:

- Where a support cost can be specifically attributed to an activity it is directly allocated
- Where the support costs have a general effect on activities, they are apportioned to activities on the basis of staff time recorded undertaking the activities

Support costs related to publicity and promotion are not reapportioned to charitable activities.

i) Tangible fixed assets

Individual fixed assets costing £500 or more are capitalised at cost and are depreciated over their estimated useful economic lives on a straight-line basis as follows:

Asset Category

Computer equipment	Over 3 years
--------------------	--------------

j) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

k) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

l) Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

m) Pensions

Existing employees of the charity were entitled to join the defined contribution Group Personal Pension Plan operated by Scottish Widows which is funded by contributions from employee and employer.

n) Critical accounting judgements and key sources of estimation uncertainty

In the application of the Charity's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The Trustees do not consider there are any critical judgements or sources of estimation uncertainty affecting assets or liabilities at the balance sheet date which is likely to result in a material adjustment to their carrying amount in the next financial year.

o) Financial Instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at the settlement value.

NOTES ON THE ACCOUNTS YEAR ENDED 31 December 2022

2A. DONATIONS AND LEGACIES

	<i>Unrestricted</i>	<i>Restricted</i>	Year ended 31-Dec-22
	£	£	£
Donations	4,204	-	4,204
Gifts in kind	42,381	-	42,381
	<u>46,585</u>	<u>-</u>	<u>46,585</u>

DONATIONS AND LEGACIES 2021

	<i>Unrestricted</i>	<i>Restricted</i>	<i>Period ended 31-Dec-21</i>
	£	£	£
<i>Donations</i>	4,988	-	4,988
<i>Gifts in kind</i>	57,013	-	57,013
	<u>62,001</u>	<u>-</u>	<u>62,001</u>

The value of volunteers, consultants and corporate entities time is estimated at £42,381 (£57,013 in 2021). We have included the value where it is quantifiable but recognise that the Charity received a significant level of support, which we are unable to quantify.

2B. TRANSFER FROM BUSINESS IN THE COMMUNITY

	<i>Unrestricted</i>	<i>Restricted</i>	Year ended 31-Dec-22
	£	£	£
Transfer - cash, assets and balance owing	-	-	-
Recognised as Trade debtors	-	-	-
Recognised as Deferred and prepaid membership contributions	-	-	-
Recognised as accrued income	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>

TRANSFER FROM BUSINESS IN THE COMMUNITY 2020

	<i>Unrestricted</i>	<i>Restricted</i>	<i>Period ended 31-Dec-21</i>
	£	£	£
Transfer - cash, assets and balance owing	-	-	-
Recognised as Trade debtors	-	-	-
Recognised as Deferred and prepaid membership contributions	-	-	-
Recognised as accrued income	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>

3.
CHARITABLE ACTIVITIES 2022

	<i>Unrestricted</i>	<i>Restricted</i>	Year ended 31-Dec- 22
	£	£	£
Grants			
Global Fund to End Modern Slavery	-	11,058	11,058
Sightsavers (Royal Commonwealth Society for the Blind)	-	34,775	34,775
Hyatt Community Grants Fund	-	101,709	101,709
TUI Care Foundation	-	38,102	38,102
The J. Willard and Alice S. Marriott Foundation	-	148,265	148,265
Marriott International	-	20,131	20,131
The International Labour Organisation (ILO)	-	-	-
International Organisation for Migration (Geneva)	-	249,254	249,254
International Organisation for Migration (Philippines)	-	-	-
United Nations Environment Programme (UNEP)	-	30,922	30,922
GIZ GmbH	-	9,078	9,078
	<u>-</u>	<u>643,294</u>	<u>643,294</u>

CHARITABLE ACTIVITIES 2021

	<i>Unrestricted</i>	<i>Restricted</i>	<i>Period ended 31-Dec- 21</i>
	£	£	£
Grants			
Souter Charitable Trust	5000	-	5,000
Global Fund to End Modern Slavery	-	102,541	102,541
Sightsavers (Royal Commonwealth Society for the Blind)	-	85,520	85,520
Hyatt Community Grants Fund	-	57,616	57,616
TUI Care Foundation	-	7,703	7,703
The J. Willard and Alice S. Marriott Foundation	-	138,074	138,074
Marriott International	-	18,932	18,932
The International Labour Organisation (ILO)	-	18,304	18,304
International Organisation for Migration (Geneva)	-	155,980	155,980
International Organisation for Migration (Philippines)	-	38,271	38,271
United Nations Environment Programme (UNEP)	-	16,802	16,802
	<u>5,000</u>	<u>639,472</u>	<u>644,742</u>

4. NET INCOME FOR THE YEAR

	Year ended 31-Dec-22	<i>Period ended 31-Dec- 21</i>
	£	£
This is stated after charging the following:		
- Depreciation	4,101	2,785
- Auditors remuneration for audit services		
for audit services	15,000	12,000
for other services	1,800	1,800
- Operating lease rentals		

5. EXPENDITURE FOR THE YEAR ENDED 31 December 2022

	Support Costs £	Staff Costs £	Grants to Partners £	Other Direct £	Total 2022 £	Total 2021 £
a) ANALYSIS OF EXPENDITURE						
Raising Funds						
Fundraising and publicity	19,076	91,381	-	-	110,458	83,710
Expenditure on charitable activities:						
Human Rights	25,521	223,309	-	425	249,254	241,183
Youth	12,871	262,259	94,012	27,262	396,404	470,164
Employment	23,985	182,524	-	2,919	209,428	34,422
Climate Action	1,288	16,700	-	-	17,988	5,923
Water						
Stewardship						
Cross organisational activities	84,668	773	-	115,814	201,255	74,352
TOTAL EXPENDITURE	167,410	776,945	94,012	146,420	1,184,787	909,754

The costs above include support costs which are allocated on the basis of expenditure undertaken.

b) ANALYSIS OF SUPPORT COSTS FOR THE YEAR ENDED DECEMBER 2022

	Office expenses £	Governance costs £	Other support costs £	Reallocation £	Total 2022 £	Total 2021 £
Raising Funds						
Fundraising and publicity	-	-	19,076	-	19,076	7,400
Expenditure on charitable activities:						
Human Rights	270	-	16	25,234	25,521	33,780
Youth	209	-	(10,832)	23,494	12,871	63,613
Employment	202	-	112	23,671	23,985	6,091
Climate Action	-	-	50	1,238	1,288	1,994
Water						
Stewardship						
Cross organisational activities	21,510	17,810	118,985	(73,637)	84,668	37,352
TOTAL SUPPORT COSTS:	22,192	17,810	127,408	-	167,410	150,230

The basis for apportionment of support costs is set out in Note 1i). Include in Other support costs is the value of £57,013 of in-kind contributions received.

c) GOVERNANCE COSTS	Year ended 31-Dec- 22 £	Period ended 30-Dec- 21
Legal and professional, including audit	17,810	12,000
	17,810	12,000

**EXPENDITURE
(cont)**

	<i>Unrestricted</i>	<i>Restricted</i>	Year ended 31-Dec-22	<i>Period ended 31-Dec-21</i>
Grants paid to institutions	£	£	£	£
Cheshire Disability Services Kenya (CDSK)	-	-	-	6,129
Kherwadi Social Welfare Association	-	60,093	60,093	28,131
Stanforte Edge Spence Evoluzione	-	27,454	27,454	25,933
Charitable Trust	-	3,901	3,901	7,844
Don Bosco Tech Society	-	2,564	2,564	29,238
	<u>-</u>	<u>94,012</u>	<u>94,012</u>	<u>97,275</u>

6. STAFF NUMBERS AND COSTS

2022 **2021**
No. **No.**

The average number of persons employed during the year were as follows

Raising funds	1.1	1.5
Charitable activities	9.8	7.0
Support	1.1	0.8
	<u>12.0</u>	<u>9.3</u>

The aggregate payroll costs of these persons were as follows

	£	£
Salaries and wages	662,592	490,673
Social security costs	71,573	58,431
Pension scheme contributions	42,779	29,758
	<u>776,945</u>	<u>578,862</u>

The number of employees whose emoluments, excluding pension contributions and employer's national insurance who were in excess of £60,000 were:

	2022	2021
	No.	No.
£60,000 - £69,999	3	1
£70,000 - £79,999	3	1
	<u>6</u>	<u>2</u>

Contributions of £42,779 (£29,758 in 2021) were paid on behalf of these employees into a money purchase pension scheme.

The total employee benefits of the key management personnel of the Charity were £259,767 (£166,495 in 2021)

7. TRUSTEES' REMUNERATION AND REIMBURSED EXPENSES

Reimbursements of travelling expenses totalling £997.31 was paid to Trustees for attendance at Trustee meetings.

8. TANGIBLE ASSETS

Group and Charity	Computer Equipment
Cost or Valuation	£
As at 1 January 2022	10,188
Additions	5,820
Disposals	-
At 31 December 2022	<u>16,009</u>
Depreciation & Amortisation	
As at 1 January 2022	(3,265)
Charged in Year	(4,101)
Disposals	-
At 31 December 2022	<u>(7,366)</u>
Net Book Value	
At 01 January 2022	6,923
At 31 December 2022	<u><u>8,642</u></u>

09. INVESTMENTS

There were no investments on behalf of the charity at 31 December 2022

10. TAXATION

Sustainable Hospitality Alliance is a registered charity and, therefore, is not liable to income tax or corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities.

11 DEBTORS

	Charity 2022	Charity 2021
	£	£
Trade debtors	234,520	140,413
Other debtors	-	-0
Prepayments and accrued income	<u>49,504</u>	<u>15,081</u>
	<u><u>284,024</u></u>	<u><u>155,495</u></u>

**12 CREDITORS: Amounts falling
due within one year**

	Charity 2022	Charity 2021
	£	£
Trade creditors	11,233	2,205
Other creditors including taxation and social security	29,132	21,079
Grant commitments		
Accruals and deferred income	<u>899,635</u>	<u>642,103</u>
	<u><u>940,000</u></u>	<u><u>665,388</u></u>

13.

DEFERRED INCOME	Brought forward deferred income 01 Jan 2022 £	Amount released in 2022 £	Amount deferred in 2022	Deferred income carried forward year ended 31 Dec 2022
Amount deferred in the year	<u>(616,020)</u>	<u>(1,237,747)</u>	<u>993,274</u>	<u>(860,494)</u>
	<u><u>(616,020)</u></u>	<u><u>(1,237,747)</u></u>	<u><u>993,274</u></u>	<u><u>(860,494)</u></u>

Deferred income represents income or membership contributions invoiced or received for use in future periods

14. FUNDS	At 31 December 2021	Income	Expenditure	Transfer from BITC	Transfers/ gains/ (losses)	At 31 December 2022
	£	£	£	£	£	£
Unrestricted Funds						
Designated Funds						
Humanity United	36,639	-	36,713	-	-	(73)
General Funds	590,726	591,144	473,298	-	-	708,572
	627,365	591,144	510,010	-	-	708,499
Restricted Funds						
Global Fund to End Modern Slavery	-	11,058	11,058	-	-	-
Sightsavers (Royal Commonwealth Society for the Blind)	-	34,775	34,775	-	-	-
Hyatt Community Grants Fund	-	101,709	101,709	-	-	-
The IHG Foundation (UK) Trust	1	-	-	-	-	1
TUI Care Foundation	-	38,102	38,102	-	-	-
Marriott International	12,532	20,131	32,663			
Hilton Effect Foundation	27,564	-	18,951			8,614
The J. Willard and Alice S. Marriott Foundation	-	148,265	148,265			-
The International Labour Organisation (ILO)	-	-	-			-
International Organisation for Migration (Geneva)	(1)	249,254	249,254			(2)
International Organisation for Migration (Philippines)	-	-	-			-
United Nations Environment Programme (UNEP)	-	30,922	30,922			-
GIZ GmbH	-	9,078	9,078			-
Booking.com	(1)	-	-			(1)
Grants	40,095	643,294	674,777	-	-	8,612
	667,461	1,234,437	1,184,787	-	-	717,111

14. FUNDS	At 31 December 2020	Income	Expenditure	Transfer from BITC	Transfers/ gains/ (losses)	At 31 December 2021
	£	£	£	£	£	£
Unrestricted Funds						
Designated Funds						
Humanity United	134,938	-	98,299	-	-	36,639
General Funds	298,245	373,210	80,728	-	-	590,726
	433,183	373,210	179,027	-	-	627,365
Restricted Funds						
<u>Youth Employment - restricted</u>						
Global Fund to End Modern Slavery		102,541	102,541	-	-	-
Sightsavers (Royal Commonwealth Society for the Blind)		85,520	85,520	-	-	-
Hyatt Community Grants Fund		57,616	57,616	-	-	-
The IHG Foundation (UK) Trust	13,262	-	13,261	-	-	1
TUI Care Foundation	15,532	7,703	23,234	-	-	-
<u>Youth Employment - broadly restricted</u>						
Marriott International	37,856	18,932	44,257	-	-	12,532
Hilton Effect Foundation	28,637	-	1,073	-	-	27,564
The J. Willard and Alice S. Marriott Foundation	-	138,074	138,074	-	-	-
<u>Human Rights</u>						
The International Labour Organisation (ILO)	-	18,304	18,304	-	-	-
International Organisation for Migration (Geneva)	24,097	155,980	180,078	-	-	(1)
International Organisation for Migration (Philippines)	-	38,271	38,271	-	-	-
<u>Sustainability</u>						
United Nations Environment Programme (UNEP)	-	16,802	16,802	-	-	-
Booking.com	11,696	-	11,697	-	-	(1)
Grants	131,080	639,742	730,726	-	-	40,095
	564,263	1,012,951	909,754	-	-	667,461

**15. ANALYSIS OF FUND BALANCES BETWEEN NET ASSETS -
CURRENT YEAR**

	Restricted Funds	AT 31 December 2022 General Funds	Designated Funds	Total
	£	£	£	£
Tangible fixed assets	-	8,642		8,642
Investments	-	-		-
Net current assets	8,612	699,930	(73)	708,469
	<u>8,612</u>	<u>708,572</u>	<u>(73)</u>	<u>717,111</u>

**ANALYSIS OF FUND BALANCES BETWEEN NET ASSETS - PRIOR
YEAR**

	Restricted Funds	AT 31 December 2021 General Funds	Designated Funds	Total
	£	£	£	£
Tangible fixed assets	-	6,923	-	6,923
Investments	-	-	-	-
Net current assets	40,095	583,803	36,639	660,538
	<u>40,095</u>	<u>590,726</u>	<u>36,639</u>	<u>667,461</u>

16. CAPITAL COMMITMENTS

Sustainable Hospitality Alliance had no capital commitments at 31 December 2022 or at 31 December 2021

17. OPERATING LEASE REQUIREMENTS

Sustainable Hospitality Alliance had no operating lease commitments at 31 December 2022 or at 30 December 2021.

18. MEMBERS LIABILITY

In the event of the company being wound up, Trustees will each have a liability of £1.

19. PENSION COMMITMENTS

Sustainable Hospitality Alliance operates a Group pension arrangement. The overall pension charge for the year was £42,779 (£29,758 in the period to 31 December 2021). At 31 December 2022, £6,005 contributions were outstanding (£4,104 as of 30 December 2021).

20. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH INFLOW

	2022	2021
	£	£
Net movement in funds	49,650	206,396
Investment income	-	-
Net (gains)/ losses on investments	-	-
Depreciation and amortisation	4,101	2,785
Increase/ (Decrease) in creditors	274,612	92,264
(Increase)/ Decrease in debtors	(128,530)	25,054
(Increase)/ Decrease in stocks	-	-
Net Cash generated by operating activities	<u>199,834</u>	<u>326,499</u>

21. RELATED PARTY TRANSACTIONS

There were no related party transactions other than the trustee payment in note 7 in the current or previous accounting period.