

## CIRCULAR ECONOMY BUSINESS CASE STUDIES IN SOUTHEAST ASIA



## SM Hotels and Conventions Corporation

- Manila, Philippines
- Hospitality (food and beverage)
- smhotels.com.ph
- Analysis period: 2018-2023

## Minimizing Hospitality Food Waste

### Business Spotlight

SM Hotels and Conventions Corporation (SMHCC) has developed and operates ten hotels and eight convention centers and trade halls across the Philippines, which generated a total revenue of PHP 4.3 billion in 2022 (around EUR 71 million).<sup>1</sup> From 2018, SMHCC set out to adopt sustainable food practices to minimize food waste, from responsible local sourcing and green procurement, to a food waste management system in back-of-hotel operations and in food service. The lowered food waste per cover, which ranged from 350 - 400 grams in 2019, came down to an average of 250 grams in 2022, i.e., an average 10% yearly reduction from the baseline. Approximate savings of PhP 7.5 million (approximately EUR 125,000) were realized by the SMHCC Pico Sands Hotel between 2019 and 2022, which is illustrative for potential savings at other properties. In 2022, across all properties, SMHCC generated 85 tonnes of food waste, which represented one-third of its total waste volume.

A further circularity innovation of SMHCC for end-of-life management of food waste is its Giving Garden Program, which was launched in 2018 with the goal of diverting food waste from the landfill by transforming

it to compost for its use in its own hotel-managed gardens and partner farms from which the SMHCC kitchens sourced 2.3 tonnes of produce for their own requirements. SMHCC has also successfully ingrained a culture of food waste consciousness among the property staff, as evidenced by the involvement of various departments in the food use and waste cycles—from food mapping, kitchen management and segregation to composting, and to the harvesting of vegetables.

### Keywords

Food waste, Fermentation compost

### Innovation

Product/Service design, Operations, End of life management, Resource circularity, Resource efficiency

# Analysis of SM Hotels and Conventions Corporation (SMHCC)

## Context and baseline

SM Hotels and Conventions Corporation (SMHCC) was established in April 2008 with the primary purpose of developing and managing the hotel and convention properties of SM Prime, one of the largest integrated property developers in Southeast Asia. SM Prime integrates sustainability with financial success for business growth and makes a concerted effort to create sustainable value across its diverse portfolio, which ranges from malls, residences and offices to hotels and convention centers. It is currently implementing a four-year sustainability campaign leading to 2025, which focuses on climate action, particularly through resource efficiency and waste management.

Food waste was singled out as a priority, in particular for its hotels and convention centers. Food waste management contributes significantly to climate change through Greenhouse Gas (GHG) emissions from uncontrolled disposal. It also causes loss of resources from agricultural production, but also through food processing, food and meal preparation, and service. Food waste comprises one-third of total waste generated at SMHCC properties.

The shift to food waste minimization started with the participation of SMHCC in the Sustainable Diner Project<sup>2</sup> of the Worldwide Fund for Nature (WWF) – Philippines. SMHCC became aware of best practices for avoiding and handling food waste, and adopted the model in its internal operations, which included the establishment of fruit and vegetable gardens called Giving Gardens. Fortunately, most of its hotel properties had the space required for vegetable gardening, and were able to develop partnerships with farmer groups.

## Innovation

Creating recovery loops in the food system by reducing, and then recycling or repurposing food waste for other uses, addressed the problems of food loss and food waste management. This required best practices and innovative techniques in procurement, preparation and serving of meals, and end-of-life management of food waste.

SMHCC adopted sustainable food waste management practices through a food use and waste management system in back-of-the-house hotel operations and in food service. This system comprises standard operating procedures that

form part of its internal policy. It has adopted green procurement, which includes local sourcing, proper and hygienic delivery, and eliminating or minimizing losses during transportation and handling, such as by requiring farmers and other suppliers to deliver their produce in crates instead of plastic bags, ensuring the produce is properly packed and delivered in temperature-controlled vehicles, as much as possible. Kitchen chefs do careful menu mapping to minimize spoilage and avoid wastage in the preparation and garnishing of food. For the buffet service, smaller food servings are offered and signs are posted encouraging “sustainable dining” by the guests. This helps to ensure that the procured food items reach the customer, and thereby approach a product yield approaching 100%.

SMHCC launched its Giving Garden Program in 2018 to divert food waste generated in its kitchens and restaurants from the landfill to onsite composting and use of compost in its own hotel-managed gardens and by partner farmers.



<sup>2</sup> During 2017-2022, The Sustainable Diner (TSD) project of WWF supported businesses in the hospitality industry to minimise food waste by providing evidence-based solutions and diversion mechanisms that make better use of food waste, and by exploring ways of helping local communities contribute to food security. See: <https://www.wwf-scp.org/sustainable-dining-future-philippines/#:~:text=The%20Sustainable%20Diner%2C%20WWF%2DPhilippines,environmentally%20friendly%20practices%2C%20for%20example.>



## Circular Economy impact

The novel practices at SMHCC support the key circular economy strategies of resource efficiency, that is, using less food inputs per customer served, and resource circularity, that is, recovering valuable materials from the remaining food waste and using them as compost for growing vegetables and fruits.

To track resource efficiency in food and beverage operations, SMHCC uses food waste per cover to measure food waste reduction. This levels out the high fluctuations in total food waste volume across SMHCC properties due to fluctuating occupancy rates and convention venue bookings. The innovative food use and waste management practices lowered food waste per cover in SMHCC properties from 350-400 grams in 2019 to an average of 250 grams in 2022, that is, an average 10% yearly reduction since the program started.

Resource circularity is addressed by SMHCC Hotels with Giving Gardens within their premises, which use all recovered food waste for composting and subsequent use in their fruit and vegetable gardens. The hotels that do not have garden space cure the waste (pre-treat) using the Bokashi method introduced to them by Green Space, a company specialising in fermentation composting of food waste. The Bokashi treated food waste is then picked up weekly by Green Space or their partner farmers who continue the composting process and use it in their farms.

It is difficult to compute the total savings from being able to harvest produce from its own Giving Gardens across the properties, given the variability of prices in the different areas where the properties are located. However, SMHCC determined that its kitchens sourced about 2.3 tonnes of organic produce for their own requirements from 2019 to 2022 from the three properties that had set up Giving Gardens, namely Pico Sands Hotel/ Pico de Loro Beach and Country Club, the Taal Vista Lodge and the Park Inn Bacolod.

## Business and market impact

Through improved food management, reduction of food waste and harvesting its own produce, savings of approximately PhP 7.5 million (around EUR125,000) were realized by SMHCC Pico Sands Hotel between 2019 and 2022.

The initiative has successfully embedded food-waste consciousness and minimisation in the minds of SMHCC's employees and promoted an organisation-wide sustainability culture. Sustainability is now part of everyday language and embedded in operations

and procedures rather than being regarded as a special project, as evidenced in the organisation's key performance indicators (KPIs) and calendared activities.

## Implementation

One of the challenges experienced at the start of the program was to influence the mindset of employees on proper waste segregation, and to change behaviour across the food preparation and service chain in the SMHCC properties. With the corporate sustainability goals as the overarching framework, employees were made aware of their critical roles and contributions, and the required activities were also institutionalised in key performance indicators, eventually leading to the establishment of a culture of food-waste minimisation and management in daily operations. Sustaining the Giving Gardens, in particular, requires constant employee engagement and commitment as this requires engaging with farmers in their areas.

It was also necessary to tweak the program to fit the different situations of the properties since not all have space for composting and gardening, and have to work with different partners and solution providers in their areas. This included identifying farmers willing to compost because the process requires time and may impact yields, and also require to plant and harvest in cycles that meet the supply requirements of the properties.

## Takeaways

The initiatives can be scaled up through proper education and motivation of internal and external stakeholders. Finding the right solution providers, partner farmers and farmer groups and contractors is vital for helping SMHCC properties implement and fulfill their sustainability initiatives and programs.







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## Disclaimer

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