



ESG Reporting in the Largest Hotel Chains in Croatia in 2023

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Abstract: *This study examines the current state of Environmental, Social, and Governance (ESG) reporting practices among the largest hotel chains in Croatia in 2023. Based on the publicly available reports, the aim was to assess the extent of ESG integration into these hotels' operations and disclosures. Key research questions include: How are Croatian hotel chains addressing ESG issues? What are the strengths and weaknesses of their ESG reporting? And what are the potential opportunities and challenges for further ESG development in the sector? The findings of this study will provide valuable insights into the maturity of ESG reporting in the Croatian hospitality industry, while contributing to a better understanding of the factors driving ESG adoption and the impact of practices on corporate performance and societal well-being. Additionally, the research will offer recommendations for hotel chains, policymakers, and investors to enhance ESG reporting and promote sustainable development in the tourism sector.*

1. INTRODUCTION

This paper is structured to guide through a comprehensive analytical examination of the environmental (E), corporate social responsibility (CSR), and corporate governance (CG) as a unified reporting methodology, named ESG. In focus is the hospitality industry, a segment of the largest hotel chains in Croatia.

1.1. Background of ESG Reporting

An introduction to ESG reporting gives a chance to approach it as a modern management tool. It involves the standardized steps of evaluating the ESG key performance indicators (KPI) across the three key areas. Environmental Reporting: is evaluating ESG factors from energy consumption to water usage and the levels of carbon emissions. Largest hotels in Croatia, close to the primary market destination of the tourists, the European Union (EU), aspects of reduction of their environmental impact are giving hotels room to implement decision-making initiatives to increase the usage of energy-efficient appliances, increase participation in sustainable sourcing, and implement waste reduction programs. Social Reporting: this aspect consists of the quality of a hotel's relationship with its employees, customers, and the community. All three factors are equally important for the efficiency of ESG operations. Aspects of fair labor practices, care for employee well-being, and the high quality of community engagement are crucial social factors. Hotels' ESG performance is valued based on the level of social responsibility. That could be from fair and attractive wages, providing training opportunities, and supporting local communities' social initiatives. Corporate Governance Reporting: basically, is determined by a hotel's network or a group leadership structure, ethics, and risk management practices. Strong corporate governance ensures so much-needed transparency in corporate reporting, accountability, and ethical decision-making.

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Quality of a hotel's corporate governance is assessed through effective implementation of clear policies, regular internal and external and quality audits, and ethical practices. ESG operations and reporting are giving feedback to the managers, stakeholders and investors of the identified areas for improvement, while at the same time is qualitatively improving the communication with stakeholders. Hotels with excellent ESG ratings are in a better position and able to attract environmentally friendly and conscious customers and investors.

Importance of ESG in the hospitality sector globally, regionally, and in Croatia. ESG reporting in the hospitality industry in Croatia has been gaining impact in recent years. It is a reflection that the global and local hospitality sectors are increasingly prioritizing ESG. This trend is driven by the consumer demand for sustainable practices, regulatory changes, and the overall importance of aligning with global and EU sustainability goals. Regulatory Framework and Government Initiatives in Croatia: as an EU member, it is obliged to apply the ESG regulation. The country is promoting sustainability reporting and transparency, particularly in the context of environmental impacts, especially in the tourist industry, as one of the locomotives of economic growth. ESG regulation, which it promotes, includes:

- EU Non-Financial Reporting Directive (NFRD) (European Commission, 2014): Large companies in the EU are required to disclose non-financial information related to environmental impact, social responsibility, and governance practices. As of 2024, the Corporate Sustainability Reporting Directive (European Commission, 2023a) has been introduced, which should be applied with the European Sustainability Reporting Standards (ESRS) (European Commission, 2023b).
- Sustainable Tourism Development Strategy Until 2030 (FAO, 2022): Croatia has developed its own sectoral strategies to enhance sustainable tourism practices, including green certifications for hotels and other tourism facilities. The Croatian National Tourist Board (HTZ) has supported programs of green certifications for hotels, which assess environmental and socially responsible practices of ESG reporting.
- Tourism and Sustainability Programs (UN Tourism, 2024): The Ministry of Tourism and Sport of the Republic of Croatia has promoted various initiatives that encourage sustainable tourism practices (e.g., Green Key certification). The main goals of the program are the reduction of the environmental impact of tourism, increasing usage of renewable energy and efficiency, accelerating adaptation to climate change, preserving social sustainability and local communities, enhancing evidence-based policy making, and providing relevant and updated research. Sustainability Reporting Standards: Large hotels in Croatia are mostly members of large international chains. They closely follow global ESG reporting standards to ensure transparency and comparability until 2024. For the current ESG reporting 2024, they are all obliged to apply the EU regulation. Some of the global standards applied by the hotels in Croatia until 2023 were: Global Reporting Initiative (GRI): ISO 14001: Green Key and Eco-Label Certifications.

1.1.1. Key Sustainability Issues in Croatia's Hotel Sector

Several sustainability factors are particularly relevant for the hospitality industry in Croatia. The country's geographic location in Europe, natural beauty, and popularity make it an attractive tourist destination. Energy Efficiency: Croatia's climate is dominantly Mediterranean. Many hotels along the Adriatic coast are focused on reducing energy consumption through renewable energy sources (solar, wind), improving insulation, and using energy-efficient appliances. Water Conservation: Water scarcity can be an issue during the hot summer months at the peak of tourist season, particularly in Adriatic areas. Many hotels implement water-saving measures, such e.g.

as low-flow showers and toilets, rainwater harvesting systems, etc. **Waste Management:** Croatia's environmental policies and practices focus on reducing waste. It uses recycling techniques, composting, and minimizing single-use plastics. **Local Sourcing and Community Engagement:** There is a growing trend toward sourcing food and products locally. This initiative helps reduce the carbon footprint associated with the costs of transportation. Also, many hotels engage in social sustainability practices (like supporting local communities, employing local staff, and promoting cultural heritage). **Biodiversity Preservation:** Croatia is a country with a rich natural heritage, especially along the Adriatic coast. Hotels are increasingly involved in biodiversity conservation programs (e.g., protecting coastal marine, wood and freshwater ecosystems and promoting responsible tourism practices).

1.1.2. Challenges and Opportunities

Hotels in Croatia are adopting an ESG strategy. The road is also paved with problems, challenges, obstacles and opportunities. **Need to continuously increase Awareness and Training:** Evidence from reports and policy statements are mostly in verbal forms. Smaller hotel chains do not possess the institutional capacity to implement fully reporting requirements and standards (Barro et al., 2024). **There is a Need for Significant Financial Investment in ESG.** These costs are prohibitively high. **Supply Chain Complexity:** How hotels could ensure that supply chains are sustainable and operate ethically can be difficult. **Eco-tourism Growth:** Croatian hotels investing in sustainability may see a competitive advantage in attracting eco-conscious travelers. **Government Incentives:** The government is developing various incentive schemes and programs to implement green practices (e.g., tax breaks, subsidies, access to EU sustainability funds). **Consumer Demand:** Management of the leading hotels in Croatia is increasingly recognizing that sustainability is a key factor for the success of the tourist industry.

1.1.3. Trends in Sustainability Reporting of Hotels in Croatia

The paper observed the selected key trends in ESG reporting in Croatia's hotel industry. **Transparency and Digital Reporting:** Hotels are increasingly using digital platforms to report ESG efforts. The reports and policy statement papers analyzed are in the publicly available electronic form. Hotels in the sample are closely cooperating with NGOs supporting local conservation efforts, promoting sustainable tourism practices, increasing public awareness, and ensuring that their activities benefit local communities. **Integration of Sustainability into Brand Identity:** Larger hotels, particularly international brands, are incorporating sustainability into their core business strategies, reporting on sustainability as part of their brand identity. ESG reporting in the Croatian hotels is developing fast. Pressure from different regulatory frameworks and consumer demand for more transparent and responsible practices is increasing. There are strong challenges related to constraints of resources, training, and financial investment, which are accompanied by significant opportunities to enhance the quality of ESG reporting and gain a competitive edge in the growing eco-tourism market. The future of ESG reporting in Croatia's hotel sector looks promising, especially as more local businesses adopt from 2024 EU reporting standards, contributing to environmental preservation and the socio-economic development of local communities.

1.2. Research Problem and Objectives

Defining the scope of research on the largest hotels, which are the dominant players that, in turn, shall shape the future trends of ESG reporting. The U-turn from the various international reporting frameworks towards the full implementation of CSRD in 2024, as hotels are already subject to

the EU non-financial reporting directive (NFRD). The main objective of this research is to audit the various components of the ESG reports. This approach methodological matrix is establishing a ground for easier and more transparent application of CSRD in hotels in 2024.

1.2.1. Gaps and Issues the Paper Addresses

ESG Reporting Maturity and Consistency: Lack of Standardized Reporting Framework. The paper assessed the level of adherence to global ESG reporting frameworks (GRI, SASB, TCFD). It is evident that **Inconsistent Metrics and Disclosures:** Paper identified variations in the types of ESG metrics and data disclosed by hotels. **Level of Data Quality and Reliability:** The Study evaluated the quality of the reported ESG data, including potential biases or limitations in the context of the quality of the audited financial annual reports for 2023. **Assessment of Materiality and Prioritization in ESG reports - Material ESG Issues:** Significant aspects of ESG affecting hotels are only reviewed in the way the reporting hotel entities have disclosed those matters. The paper reviewed the level of **Alignment with Stakeholder Expectations:** It has assessed whether the reported ESG issues were aligned with the expectations and priorities of key stakeholders (investors, customers, employees, and local communities).

Climate Change and Environmental Impact - Carbon Footprint Measurement and Reduction: Paper evaluated the hotel's efforts to measure and reduce their carbon emissions, energy consumption, water usage, and waste generation. **Sustainable Procurement and Supply Chain Management:** The Paper observed the sustainability practices of suppliers and the hotel's efforts to reduce their environmental impact throughout the supply chain. **Adaptation to Climate Change:** Research analyzed the hotel chains' strategies to mitigate and adapt to the increasing physical risks of climate change (e.g., extreme weather events, rising sea levels).

Social and Governance Issues: CSR and CG are interrelated and intertwined with multiple aspects of positive and negative feedback. **Employee Rights and Working Conditions:** It has been evaluated the hotel's labor practices (e.g., fair wages policies, working hours, occupational health and safety). **Diversity, Equity, and Inclusion:** The hotel chains' efforts to promote diversity and inclusion in their workforce and leadership are very valuable and important aspects of the assessment of the overall ESG performance reporting. **Ethical Business Practices:** We have analyzed the hotel chain's implementation of ethical principles, including anti-corruption policy, bribery, and human rights. Last but not least is **Corporate Governance:** We have analyzed corporate governance reports in the context of overall ESG reporting, e.g., the effectiveness of the hotel chains' corporate governance practices, including board composition, executive compensation, and risk management.

1.2.2. Stakeholder Engagement and Transparency

In ESG reporting, the fundamental aspects are **Communication and Reporting:** The analysis assessed the quality and transparency of the hotel chains' ESG reporting, including the clarity of disclosures and the accessibility of information. Our second focus has been **Stakeholder Feedback and Input:** In that segment, we have evaluated the hotel chains' mechanisms for engaging with stakeholders and incorporating their feedback into the ESG decision-making process. Our effort has been narrowly focused to cover these existing gaps and issues, while offering provide valuable insights into the ESG performance of Croatia's largest hotel chains in 2023, or the last existing partial report for the previous few years, which enabled us to identify areas for improvement, and contribute to the development of a more sustainable and responsible tourism industry in the 2025 and on.

1.3. Research Questions

This paper has defined the following key questions to answer: How are the largest hotel chains in Croatia implementing ESG reporting and to assess the quality of their ESG disclosures? The study aims to investigate the extent to which Croatia's largest hotel chains are adopting ESG reporting practices. Specifically, the research has examined how these companies are integrating ESG principles into their operations and communications. Furthermore, the study assessed the quality and comprehensiveness of their ESG disclosures, evaluating the transparency and materiality of the information provided. By addressing these key questions, this research aims to contribute to a deeper understanding of ESG reporting trends within the Croatian hotel industry and its alignment with global sustainability standards, with a focus on the 2024 reporting period, with the first implementation of the EU CSRD.

1.4. Significance of the Study

This study is important for the hospitality industry, stakeholders, and policymakers in Croatia to grasp the full complexity of introducing CSRD, with a heavy demand for material and intellectual resources and inputs over a prolonged period. A few previous reporting periods are the fundamentals on which new EU ESG extensive and complex regulation and reporting shall be implemented, which in turn requires devotion over a prolonged time to come.

The central theme of our research has been a new management tool in the hospitality industry in Croatia, embodied in ESG management of operations and reporting. We explored the topic of not formally standardized and not regulatory-binding voluntary ESG reporting in hotels in Croatia, with a focus on 2023 performance. Broader context are the trends in sustainability reporting top international and in the EU. From 2024, hotels in Croatia are legally binding to apply in reporting only CSRD.

1.5. Body of Literature Review

The body of literature is an example of the main discussion of sources we have reviewed, in chronological order.

Our starting point in research has been a bibliometric analysis of the hospitality and tourism ESG literature (Legendre et al., 2024). Sustainability and green accounting are the foundation of ESG reporting, and those approaches not regulated by the accounting standards are not chaotic, but just well-structured and with strict guidelines and practical requirements (Singhania et al., 2024). ESG/Sustainability/integrated reporting has evolved in the last years, from the voluntary to more legally regulated, scrutinized, and standardized reporting, with an increasing central pillar of social responsibility (Abu Afifa et al., 2025; Estevez-Mendoza & Infante, 2024). Government policies are supportive in Croatia and in strict adherence to and application of the EU regulation, standards, and practice (Abu Afifa et al., 2025; Gazzola et al., 2024). Environmental management operations based on the full implementation of the ISO14001:2015 are the cornerstone of most of the reviewed ESG reports of Croatian hotels in 2023, which supports evidence of the literature findings (Arana-Landin et al., 2025). The goals of hotels as integrated management resorts is focusing on the creation of objective, quantifiable measurement scales, and the list of ESG key performance indicators (Park et al., 2024). Hospitality and tourist management are giving great importance to the ESG performance as a competitive factor to attract and retain the tourism clientele (Back, 2024). ESG KPI shall become, from 2024, the cornerstone of ESG reporting of

the hotels in Croatia. The logical base and a framework for our research has been the premise that the standardized financial reporting and non-financial reporting based on the International Financial Reporting Standards is a ground framework for the present and future ESG reporting, complementing and reinforcing each other (Diwan & Sreeraman, 2024).

Conclusions and Recommendations in a Literature Review. The literature we have studied enabled us to draw a conclusion that the theoretical/methodological/standardized model and concept of ESG reporting has been a good ground and valuable starting point for the development of research and practice in Croatia's hotels. The literature we have studied implies that the hotel's approach to applying different reporting frameworks has been a good choice since it gave them a chance to gain valuable experience in sustainability management and reporting, and as a positive consequence, we assess that they are much better prepared than the other hotel chains to apply CSRD in 2024. Future studies should be from now on focused on the proper and full implementation of that EU Directive.

2. OVERVIEW OF ESG REPORTING

ESG in the hotel and catering industry is integrating Environmental, Social, and Governance components. It refers to a set of ESG reporting standards used to manage operations and evaluate the impacts in three key areas: Environmental: This focuses on the hotel's environmental impact, including sustainability initiatives and how it manages its natural resources, waste, emissions, and overall environmental footprint. Social: It covers the hotel's relationships with employees, suppliers, customers, communities and the NGO sector in which it operates (labor practices, customer satisfaction, diversity and inclusion, and community engagement). Governance: is the way a hotel is managed (business ethics, leadership, transparency, compliance with laws and regulations, executive pay, shareholder rights, and anti-corruption measures). ESG is crucial since hotels are relying on the use of natural resources, human capital, and regulatory compliance. Customers, investors, and other stakeholders are increasingly prioritizing ESG, which helps hotels and catering businesses manage risks, improve operational efficiency, and build long-term value. Historical development and global trends in ESG reporting in the hospitality industry are witnessing dynamic growth. It has been shaped by growing global awareness of the ESG, while the EU influence and impact are much stronger since Croatia is a full member country. Trends from the over-dominance of financial reporting via non-financial towards ESG reporting, and in 2024 application of EU regulation is a positive, at the same time, it shall be fast and strong. The hotel industry in Croatia is doing its best in responsibly addressing ESG concerns. Leading hotels are early adopters and leaders in improving those practices. This process started in the 2010s with formalized ESG reporting: adoption of global trends, the European Green Deal (Jocović & Ljutić, 2023), UN Sustainable Development Goals (SDGs), Paris Agreement on Climate Change (2015), and the rise of ESG-focused investment funds (Pollman, 2022). ESG continues to be a key driver for consumer choice of tourists and investment. The hospitality industry in Croatia is expected to strengthen its commitment to robust ESG reporting in 2024 with the application of the EU standards, aligning business operations with the growing EU and global demand for accountability and long-term value creation.

2.1. ESG Reporting in the Hospitality Industry

The hospitality industry is integrating hotels, restaurants, and other travel-related businesses. All components have a significant impact on the environment and society. Sustainability and ethical business practices are increasingly crucial for the long-term success and reputation of these hotels. Some examples of global hotel chains with advanced ESG reporting practices are: InterContinental Group (IHG), Hilton, Accor, Marriott International, and Hyatt.

2.2. ESG Reporting in Croatia

The current state of ESG reporting in Croatian hotels is evolving rapidly due to the recent implementation of the EU Directive CSRD, with new, increased reporting obligations in 2024, and growing awareness. Leading hotels are early adopters which have already solved some of the challenges and opportunities pointed out earlier.

2.3. Regulatory Framework in 2024

Overview of relevant regulations and guidelines in Croatia's hotels is based on the application of new EU regulations from 2024, local laws, or industry standards.

2.4. Gaps in Existing Literature

A study has not been identified in research literature (ESG reporting in Croatian hotel chains) that covers this topic with a review analysis of the ESG policies and published reports.

3. RESEARCH DESIGN AND METHODOLOGY

Research is a mixture of qualitative and quantitative audit review methodology blended with corporate governance research and hotel management, which in turn is a justification of the choice of research.

3.1. Data Collection Methods

The study applied primary and secondary data sources (publicly available ESG reports and not formalized documents, press releases, press news, Internet sources, research articles, etc.).

3.2. Sampling Strategy

The selection of the largest hotel chains in Croatia included in this sample has been based on the press release of the top ten hotel groups/individual hotels by the size of revenue or market share, since there is no unified standardized public database on the ESG field reports or related information on sustainability. Methodological Note: In 2023, there were no legal or regulatory standards for ESG-related reporting relevant to hotels in Croatia. The Corporate Sustainability Reporting Directive (CSRD) of the European Union has been implemented in the Croatian national legislation, Accounting Act (Article 29) –ESG reporting obligation for the financial year 2024 (with reporting in 2025). Additionally, there is no centralized regulatory public database with filed ESG reports. We selected 11 hotel groups out of 18 based on the report.

3.3. Data Analysis

It has been planned and implemented the analysis of the sample of ten hotels (Vajdić, 2024). Research has maintained the stance of a classic professional skepticism of auditors on the published information on ESG performance. The available data are scarce, not audited, because the external audit is not yet authorized to audit the double materiality. The collected data have been analyzed through a thematic analysis for qualitative data, statistical analysis for quantitative data as presented in the analytical tables for the ESG matrix elaborated on the sub-components, assessment at the component overall level. Various ESG reports were not formalized or standardized

quantitative reports, with financial and non-financial information, rather a verbal text explanation, frequently only in the form of adopted segmented ESG policies/and or guidelines from various years. Frequently, those informal documents are not accompanied or followed by the quantitative data reported evidence.

Table 1. Environmental (E)

Key Characteristics Environmental (E)	Valamar	Maistra dd*	Plava Laguna	Arena	Imperial Riviera dd**	Sunce hotels	HUP-Zagreb dd***	Adriatic Luxury Hotels	Jadranka Grupa	Liburnia Riviera Hoteli dd	Results (%)
Focus Area: Environmental sustainability and impact reduction	1	1	1	1		1		1	1	1	100
Key Metrics: Carbon footprint (CO ₂ emissions). Water and energy usage reduction. Waste management and recycling	1	1	1	1		1				1	75
Examples of Initiatives: Sustainable sourcing and eco-friendly amenities. Green building certifications (LEED, Green Key). Renewable energy use and energy efficiency efforts	1	1	1	1				1	1		75
Reporting Standards/Frameworks: CDP (Carbon Disclosure Project). Global Reporting Initiative (GRI). Science Based Targets (SBTi)	1		1	1					1		50
Stakeholder Focus: Guests, regulators, environmental NGOs	1	1	1	1		1		1	1	1	100
Importance of Reporting: Decrease environmental impact and improve brand image	1		1	1				1	1	1	100
Key Drivers: Legal regulations (e.g., emissions targets, waste laws). Consumer preference for sustainable practices	1	1	1	1				1	1	1	87,5
Reporting Frequency: Annual/quarterly reports or sustainability updates	1		1	1							37,5
Data Sources: Internal data on resource usage	1		1	1							37,5
Challenges in Reporting: Accurate data collection on environmental impact. Compliance with local vs global environmental laws	1		1	1							37,5
Value of ESG Reporting: Attracts eco-conscious customers and investors	1		1	1							37,5
Out of 11 Key ESG Components: Methodological Note: All components are treated of an equal importance and contribution	11	5	11	11		3		5	6	5	

Source: Own research

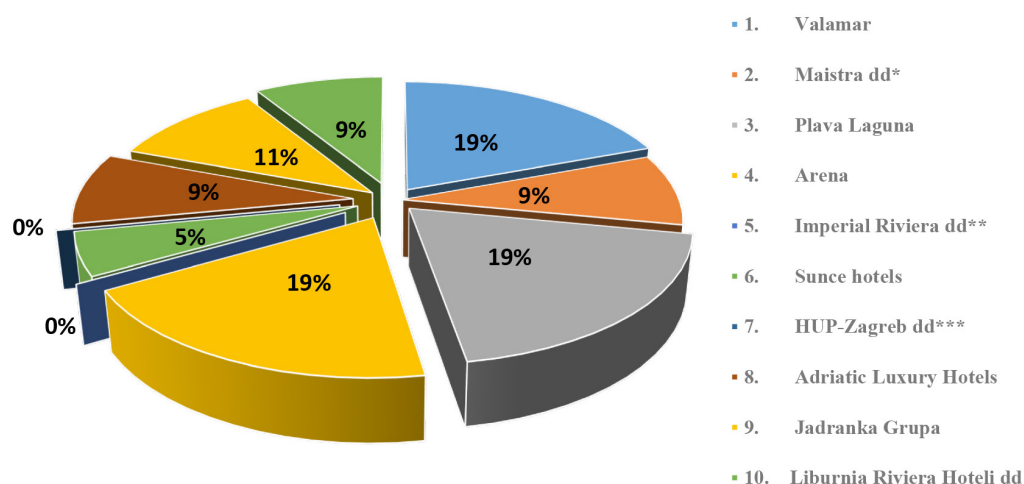


Chart 1. Environmental (E) – Graphical representation of Table 1.

Source: Own research

Chart 1 illustrates the distribution of environmental (E) reporting efforts among the ten largest hotel chains in Croatia for 2023. The analysis, based on 11 key criteria, reveals a significant variance in disclosure levels. A clear leading group is formed by Valamar (1), Plava Laguna (3), and Arena (4), each demonstrating the most comprehensive reporting by addressing all 11 components. Consequently, their segments are the largest and of equal size in the chart. A second tier of companies engages in moderate reporting, including Jadranka Grupa (9) with a score of 6, followed by Maistra dd (2), Adriatic Luxury Hotels (8), and Liburnia Riviera Hoteli dd (10), all with scores of 5. Sunce hotels (6) shows the most limited disclosure among the reporting entities with a score of 3. It is important to note that two chains, Imperial Riviera dd (5) and HUP-Zagreb dd (7), are absent from the chart as they provided no data on any of the environmental metrics. Overall, the chart indicates that while a few industry leaders have embraced thorough environmental transparency, a significant portion of the sector has yet to adopt comprehensive reporting practices.

Table 2. Social (S)

Key Characteristics Social (S)	Valamar	Maistra dd*	Plava Laguna	Arena	Imperial Riviera dd**	Sunce hotels	HUP-Zagreb dd***	Adriatic Luxury Hotels	Jadranka Grupa	Liburnia Riviera Hoteli dd	Results (%)
Focus Area: Social impact, employee relations, and community	1	1	1	1		1		1	1	1	100
Key Metrics: Employee well-being and diversity. Customer satisfaction and service quality. Health & safety standards	1	1	1	1						1	62,5
Examples of Initiatives: Fair wages and benefits for staff. Diversity and inclusion initiatives. Community engagement and social responsibility	1		1	1							37,5
Reporting Standards/Frameworks: Global Reporting Initiative (GRI). ISO 26000 (Social Responsibility). Sustainability Accounting Standards Board (SASB)	1			1							25

Key Characteristics Social (S)	Valamar	Maistra dd*	Plava Laguna	Arena	Imperial Riviera dd**	Sunce hotels	HUP-Zagreb dd***	Adriatic Luxury Hotels	Jadranka Grupa	Liburnia Riviera Hoteli dd	Results (%)
Stakeholder Focus: Employees, local communities, customers	1	1	1	1		1		1		1	87,5
Importance of Reporting: Promote a fair and inclusive workplace	1		1	1				1			50
Key Drivers: Consumer expectations for ethical practices. Government labor laws and social expectations	1	1	1	1				1	1		75
Reporting Frequency: Annual or bi-annual reports, with updates as needed	1		1	1							37,5
Data Sources: Employee surveys, community feedback, compliance	1		1	1							37,5
Challenges in Reporting: Quantifying social impact and well-being. Addressing diverse stakeholder needs	1		1	1							37,5
Value of ESG Reporting: Improves employee retention and brand loyalty	1		1	1							37,5
Out of 11 Key ESG Components: Methodological Note: All components are treated of an equal importance and contribution	11	4	10	11		2		4	2	3	

Source: Own research

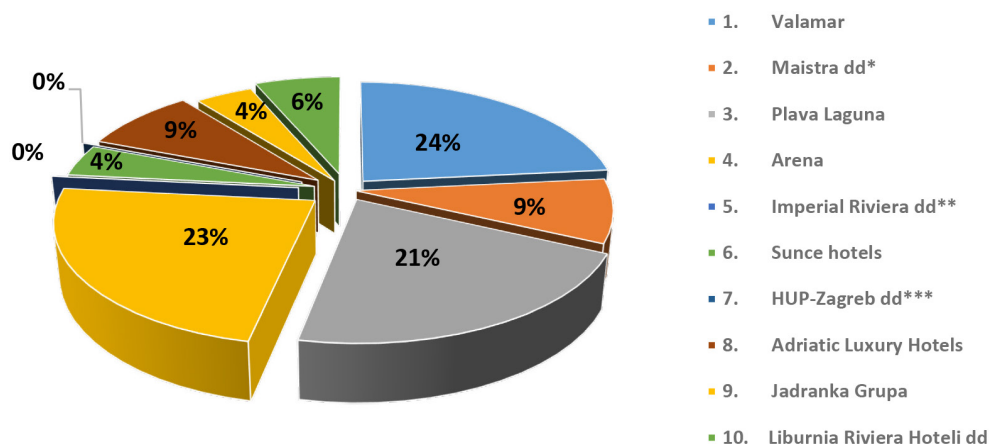


Chart 2. Social (S) – Graphical representation of Table 2.

Source: Own research

Chart 2 presents the performance of Croatia’s ten largest hotel chains in the Social (S) dimension of ESG reporting. The data indicate a clear concentration of comprehensive reporting among a few leaders. Valamar (1) and Arena (4) achieve the maximum possible score of 11, with Plava Laguna (3) following very closely with an impressive score of 10. This top tier stands in sharp contrast to the rest of the field, where reporting is significantly less extensive. Maistra dd (2) and Adriatic Luxury Hotels (8) both scored 4, while Liburnia Riviera Hoteli dd (10) scored 3. The lowest levels of disclosure were recorded by Sunce hotels (6) and Jadranka Grupa (9), each with a score of 2. Consistent with the environmental analysis, Imperial Riviera dd (5) and HUP-Zagreb dd (7) are not represented, as they did not report on any of the social criteria. In summary, the chart reveals

a top-heavy distribution in social reporting, where a small group of companies demonstrates exemplary disclosure, while the majority of their peers lag considerably, reporting on fewer than half of the key social metrics.

Table 3. Governance (G)

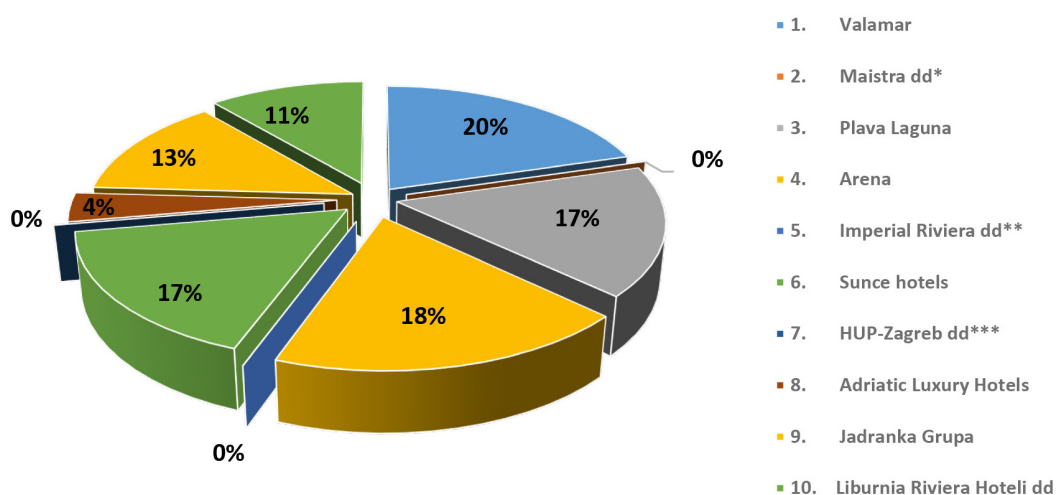
Key Characteristics Governance (G)	Valamar	Maistra dd*	Plava Laguna	Arena	Imperial Riviera dd**	Sunce hotels	HUP-Zagreb dd***	Adriatic Luxury Hotels	Jadranka Grupa	Liburnia Riviera Hoteli dd	Results (%)
Focus Area: Corporate governance, transparency, and ethics	1		1	1		1		1	1	1	87,5
Key Metrics: Board composition and independence. Ethics, anti-corruption policies. Risk management and internal controls	1		1	1					1	1	62,5
Examples of Initiatives: Transparency in financial reporting. Anti-bribery policies and training. Board diversity and independence	1		1	1					1	1	62,5
Reporting Standards/Frameworks: OECD Guidelines for Multinational Enterprises. UN Global Compact principles. ISO 37001 (Anti-bribery Management Systems)	1					1			1		37,5
Stakeholder Focus: Investors, regulatory bodies, board members	1		1	1		1		1	1	1	87,5
Importance of Reporting: Ensure ethical business practices and compliance	1			1		1			1		50
Key Drivers: Investor demands for transparency and ethical governance. Focus on risk management and long-term shareholder value	1		1	1		1			1		62,5
Reporting Frequency: Annual reports and governance disclosures	1		1	1		1				1	62,5
Data Sources: Internal audits, financial performance, board meetings	1		1	1		1				1	62,5
Challenges in Reporting: Ensuring transparency and preventing conflicts of interest. Alignment of governance with company strategy	1		1	1		1					50
Value of ESG Reporting: Strengthens reputation and trust with stakeholders	1		1	1		1					50
Out of 11 Key ESG Components: Methodological Note: All components are treated of an equal importance and contribution	11		9	10		9		2	7	6	

* Maistra hotels prioritizing sustainability, Maistra Hotels demonstrates its commitment to creating memorable experiences for guests while minimizing its ecological footprint and promoting social responsibility. We were not able to locate the sustainability or ESG report for 2023 except sustainability policy. <https://www.maistra.com/sustainability-policy/#/>

** Imperial Riviera Hotels Group is managed by VALAMAR

*** HUP - Zagreb d.d. is owned by MAISTRA Group

Source: Own research



Note: Various sustainability reports, ESG reports, integrated reports and sustainability reports have been selected and analyzed for the financial reporting year 2023 and when not available years 2021 and 2022.

Chart 3. Governance (G) – Graphical representation of Table 3.

Source: Velamar (2023a, 2023b), Maistra (2024a, 2024b, n.d.), Plava laguna (2024), Arena Hospitality Group (2024), Bluesun Hotels & Resorts (2021), Investing.com (n.d.), Adriatic Luxury Hotels (2021, 2022, 2023, n.d.), Jadranka grupa (n.d.-a, n.d.-b, n.d.-c) and Liburnia Hotels & Villas (2024)

The final pillar of the analysis, Governance (G), is depicted in Chart 3, which assesses the corporate governance disclosures of the ten hotel chains. In this dimension, Valamar (1) stands alone as the sole company to achieve a perfect score of 11. It is closely followed by a strong performing group comprising Arena (4) with a score of 10, and both Plava Laguna (3) and Sunce hotels (6) with scores of 9. A middle tier of disclosure is occupied by Jadranka Grupa (9) and Liburnia Riviera Hoteli dd (10), which scored 7 and 6, respectively, while Adriatic Luxury Hotels (8) shows the most limited reporting with a score of 2. Significantly, the number of non-reporting entities increases in this category. Maistra dd (2), Imperial Riviera dd (5), and HUP-Zagreb dd (7) all provided no data on governance criteria and are thus absent from the chart. In conclusion, the governance analysis reveals a distinct pattern: while a leading cohort demonstrates very strong disclosure, this pillar also sees the highest number of non-reporting companies, suggesting that formal governance reporting may be less widespread across the industry than environmental or social topics.

3.4. Limitations of the Study

Potential limitations of this study are strongly present, from the limited availability of ESG reports or access to companies' internal data. Most of the reports lack quantitative data, focusing more on the segmented textual prescribed policies, much less on the reporting of the quantitative effects and results of those policies through KPI and related ESG disclosures.

4. FUTURE RESEARCH DIRECTIONS

Several avenues for future research emerge from this study. Firstly, a longitudinal analysis could track the evolution of ESG reporting practices over time to assess progress and identify emerging trends from 2024 and in the future. Secondly, a comparative study of ESG reporting in Croatia and other European countries, but mostly EU member states, could provide insights into regional differences and best practices. Lastly, exploring the impact of ESG initiatives on the financial performance and reputation of Croatian hotel chains would be a valuable contribution to the literature.

5. CONCLUSION

This study has delved into the current state of ESG reporting practices among the largest hotel chains in Croatia. This research reveals a growing awareness of ESG issues within the sector. Some hotels have made significant efforts in incorporating sustainability principles into their operations, while others lag in terms of transparent and comprehensive ESG reporting. This research contributes to the existing body of knowledge by providing a focused examination of ESG reporting in the Croatian hospitality industry. It sheds light on the specific challenges and opportunities faced by hotel chains. By identifying gaps in current practices, this study offers valuable insights for both industry practitioners and policymakers. In conclusion, while the Croatian hospitality industry has taken initial steps towards ESG integration, there is significant room and an urgent need for improvement. By prioritizing sustainability, promoting transparency, and engaging with stakeholders, hotel chains can enhance their long-term competitiveness and contribute to a more sustainable future.

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