



# Fairmont Hotels & Resorts

## Case Study 3



## Local innovation drives company-wide success

57

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Can Improve The Bottom Line

CASE STUDY 3  
Fairmont Hotels & Resorts

### COMPANY OVERVIEW

Fairmont Hotels & Resorts (Fairmont), a leader in the global hospitality industry, is a collection of owned and managed luxury hotels, including landmarks such as the Fairmont Le Château Frontenac in Quebec City, The Plaza in New York, The Savoy in London, and Kenya's Fairmont Mount Kenya Safari Club. As of October 2009, Fairmont managed 56 resorts and urban destinations across 16 countries, employed 30,000 staff, and has plans to develop over 25 new properties in the coming years.

“Working alongside WWF, a proven, respected, and knowledgeable organization, will substantiate and streamline Fairmont’s climate change strategy and accelerate our ability to reduce our CO<sub>2</sub> greenhouse gas emissions.”

– Sarah Dayboll, Manger, Environmental Affairs, Fairmont Raffles Hotels International



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## FAIRMONT'S GREEN PARTNERSHIP PROGRAM AND ENVIRONMENTAL LEADERSHIP

58

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Can Improve The Bottom Line

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Fairmont Hotels & Resorts

### HISTORY

Fairmont was founded on an enduring connection to the land and the communities where it does business. The company recognized the importance of its environmental impact long before sustainability became the new buzzword. In 1990, its Canadian hotels pioneered the Green Partnership, a comprehensive commitment to minimize its hotels' impact on the planet, and published an accompanying guidebook on sustainable best practices in the lodging industry. This green philosophy has grown to become a core value of the company and today Green Teams of Fairmont colleagues in 60 locations

worldwide ensure that the company's quest for sustainable solutions continues to evolve.

The Fairmont Green Partnership program focuses on sustainable, accountable practices at all levels of operations, from a corporate level to each individual property. This is achieved through improvements in the areas of water and energy conservation, waste management, and innovative community outreach programs involving local groups and partnerships. The program is a success because it involves all colleagues in a unified effort to effect change. Although the Green Partnership is managed corporately, each property has a Green Team, composed of hotel employee volunteers who carry out corporate environmental mandates and strategies. Each Green Team shapes its individual program in innovative ways to reflect the needs and values of the geographic area and environment where the hotel is located. This allows the Green Teams to address environmental issues that most affect the areas where they work, live, and play.

The Green Partnership program has grown to become a point of differentiation for the brand, gained significant importance in competing for business, attracted media attention, and is Fairmont's main corporate social responsibility platform. Today, the hotel chain continues to lead by example with its firm commitment to expanding its Green Partnership program and developing partnerships with organizations such as WWF.



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## FAIRMONT AND THE CLIMATE SAVERS PROGRAM

59

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### STREAMLINING THE COMPANY'S CLIMATE CHANGE STRATEGY

Fairmont was the first global hotel brand to join WWF's Climate Savers program. Managing properties situated in some of the most exclusive and pristine areas in the world, the brand was already recognized as an industry leader in sustainable management, but required a comprehensive approach to address climate change.

Fairmont's commitment to the Climate Savers program is to reduce its greenhouse gas (GHG) corporate-wide emissions by 20 per cent of its 2006 levels by 2013. The company's approach is to achieve emission reductions by improving energy efficiency in its properties, implementing green building practices, and increasing the use of renewable energy supply. In order to identify the biggest GHG reduction opportunities to achieve its Climate Savers commitments, Fairmont developed a new Energy and Carbon Management Program, which

“We see our Climate Savers partnership with WWF as a sound strategic decision, one that will help ensure destination health and contribute to the financial stability of the industry.”

– Tom Storey, President, Fairmont Hotels & Resorts

provides individual properties and staff with a framework to track, monitor, and reduce its GHG emissions on a consistent and measurable basis. As new hotels are added to Fairmont's existing portfolio, the company will ensure new properties participate in the Energy and Carbon Management Program and work to reduce their GHG emissions. In addition, existing design and construction standards will be updated to incorporate and reflect LEED standards by the end of 2011. The company has also committed to sharing best practices with other organizations and to increasing guest and employee engagement in reducing its overall GHG footprint.



## FAIRMONT'S GHG FOOTPRINT AND STRATEGY

60

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Can Improve The Bottom Line

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Due to the nature of hotels and resorts, most GHG emissions come from operations and maintenance of properties. Fairmont's approach is to achieve emission reductions by improving energy efficiency in its properties and increasing the use of renewable energy supply. Energy generation is a major source of GHG emission and, for the hotel industry, energy generation for heating, cooling, and lighting are major aspects of operating costs. Thus, energy-reduction initiatives are important because they can not only mitigate environmental impact but also have a positive affect on the company's bottom line.

In 2006, Fairmont's Canadian properties underwent an energy audit to identify opportunities for energy reduction. As a result, more than 300 potential energy demand-reduction projects were identified. This audit also provided an excellent opportunity to share best practices among the engineering teams.

Fairmont has been able to reduce its energy consumption by implementing various initiatives such as installing energy-efficient lighting and using new technology including



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cogeneration, green power purchase, and upgraded equipment. (See Appendix C for more detail).

Fairmont's goal is to further improve operational efficiencies and reduce energy use through capital works projects such as lighting retrofits, refining purchasing policies, and increasing the implementation of green technologies in the construction and design process.



## FAIRMONT'S KEY INITIATIVES TO MANAGING GHG EMISSIONS

### INITIATIVE 1: ENERGY AND CARBON MANAGEMENT PROGRAM

61

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How Addressing Climate Change  
Can Improve The Bottom Line

CASE STUDY 3  
Fairmont Hotels & Resorts

#### BACKGROUND

As a result of joining the Climate Savers program, Fairmont established the Energy and Carbon Management program in 2009, in order to properly conduct a greenhouse gas emissions inventory for its operations and streamline its GHG strategy. Fairmont measured its emissions for Scope 1 (direct emissions) and Scope 2 (electricity consumption) across its 53 management properties, dating back to 2006 levels. Along with its Energy and Carbon Management program, Fairmont developed a five-year plan, which includes energy and emission reduction goals.

#### PROCESS

Each Fairmont property is provided with the guidance, tools, and support needed to start capturing energy and GHG emissions data on a regular basis. The data is used to guide reporting against the program progress, from a global to an individual property level. Properties will be notified of their own progress and Fairmont's overall progress on a quarterly basis.



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#### BENEFITS

The Energy and Carbon Management program allows Fairmont to identify largest GHG “hot spots” and set appropriate reduction targets. This helps General Managers of each property develop measures that not only reduce their GHG emissions but also reduce their energy consumption and costs. Continuous measuring and progress-monitoring ensure that Fairmont is on track to achieving its commitments. Finally, reporting on key data and progress will add credibility to Fairmont's sustainability strategy and safeguard it against “green-washing” speculations.



## INITIATIVE 1: ENERGY AND CARBON MANAGEMENT PROGRAM

### CASE STUDY

#### FAIRMONT KENAUKE, AT LE CHÂTEAU MONTEBELLO RESORT IN QUEBEC

##### OVERVIEW

All of the thirteen chalets at Fairmont Kenauk at Le Château Montebello, situated on several lakes within an immense private property, are off the electrical grid and use solar power systems to supply about half of their power demand.

##### COST

The cost of the system installation varies between \$15,000 and \$50,000 depending on the size of the chalet.

##### BENEFITS

The solar power systems at Fairmont Kenauk not only have environmental benefits but also fit with the hotel's natural setting and its strategy to preserve the area it is located in. Connecting to the grid is not realistic given the remote and secluded locations of the chalets. Without solar systems, the chalets would be completely dependent on fossil fuels such as propane, gasoline, and diesel fuel for generators. In addition to the environmental impact of burning fossil fuels, the noise and impact on air quality would not be in keeping with the nature of the chalet experience offered.

### CASE STUDY

#### THE FAIRMONT CHATEAU LAKE LOUISE, ALBERTA

##### OVERVIEW

Since 2003, The Fairmont Chateau Lake Louise has been purchasing green power through an agreement with the Canadian Eco-Logo certified Canadian Hydro Developers. As of 2007, 50 per cent of the property's electricity needs were met by a blend of run-of-river and wind electricity generation.

##### COST

The cost of the property's green power is based on the Alberta Power Pool price, thus the cost of green energy fluctuates depending on the published cost of electricity over a billing period. On average, its green power costs are similar to the price of regular power, as the cost varies depending on the pool price.

##### BENEFITS

Green power has minimal impacts on the environment and produces fewer greenhouse gas emissions compared to traditional generation methods. In addition, green power can mitigate risk and cost increases if future fossil fuel prices soar.



## INITIATIVE 1: ENERGY AND CARBON MANAGEMENT PROGRAM

63

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How Addressing Climate Change  
Can Improve The Bottom Line

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### CASE STUDY

#### FAIRMONT PALLISER, CALGARY, ALBERTA

##### OVERVIEW

The Fairmont Palliser has completed the Enviro Tower project, the most technically advanced cooling tower water treatment system in North America. The system's technology replaces traditional chemical treatment, providing complete control of corrosion, scale, and other factors to create an exceptionally clean system that reduces water consumption and energy while eliminating toxic water discharge. The tower also improves chiller efficiency and provides an annual cost savings in cleaning of \$3,200.

##### COST

The cost of installation averaged \$32,850. The estimated payback time for the project is 3.5 years.

##### BENEFITS

The Enviro Tower will provide a chemical treatment cost savings of \$8,200 and a savings of 1009m3 in chemicals a year. The Enviro Tower will provide an annual water savings of \$1,308 per year and an annual savings of 9,508 gallons of water. Increased overall performance of the hotel's heating and cooling system was also achieved.

### CASE STUDY

#### THE FAIRMONT WATERFRONT, VANCOUVER, B.C.

##### OVERVIEW

The Fairmont Waterfront installed a heat-recovery system that captures condensate – steam condensed back into water from domestic hot-water tanks – and uses it to preheat incoming city water.

##### COST

The cost of the project was approximately \$26,000.

##### BENEFITS

Installing the heat-recovery system saves an estimated 305,380 kilowatt-hours (1,100 GJ) per year, enough energy to power approximately seven average-sized Canadian homes.





### INITIATIVE 2: SUSTAINABLE DESIGN AND CONSTRUCTION

In addition to adopting best practice examples from renewable energy and retrofit strategies to reduce operational emissions, Fairmont is addressing sustainable design and construction. Existing design and construction standards are being improved to reflect and incorporate LEED (Leadership in Energy and Environmental Design) standards by 2011. This is being achieved by educating hotel development partners to design, site, and construct Fairmont properties following internationally recognized green building standards, such as the International Tourism Partnership Sustainable Hotel Manual and the U.S. Green Building Council Leadership in Energy and Environmental Design (LEED). By 2011, the company's corporate offices will be relocated to a building with a LEED NC (new construction) Gold target in Toronto, Canada.

### INITIATIVE 3: GREEN IT

In summer 2009, Fairmont announced a comprehensive sustainability plan to address its technology infrastructure and information technology (IT) operations. Aimed at limiting waste, purchasing responsibly, conserving energy, and reducing the company's overall GHG footprint, Fairmont's Green IT plan includes the introduction of a workstation power-down schedule, electronic waste diversion in markets where programs exist, and the development of donation standards aligning with qualified and respected recycling companies and charities. In addition, Fairmont will optimize purchasing efficiencies, including crafting a green procurement policy to ensure the brand uses technology products that are either EPA Energy Star- or Electronic Product Environmental Assessment Tool (EPEAT)-rated, as well as services that address Extended Product Responsibility (EPR) programs. The Green IT initiative at Fairmont was rolled out property-wide throughout 2009. In support of the new Green IT initiative, power settings on all Fairmont workstations and laptops, which are centrally managed by the brand, will be set to automatically power down after one hour of inactivity. By adopting this power management principle, Fairmont expects to reduce its energy consumption by 2,692,683 kWh per year, resulting in a savings of 1,356 tonnes of CO<sub>2</sub>, the equivalent of avoiding the burning of 3,155 barrels of oil annually.

### INITIATIVE 4: SUPPLY CHAIN AND GREEN PURCHASING

Apart from focusing on Scope 1 and 2 emissions, Fairmont is working with its suppliers to further reduce emissions. Through the Climate Savers program, Fairmont committed to developing a comprehensive Green Procurement Policy and Supplier Code of Conduct to engage and educate its top suppliers, who represent approximately 25 per cent of the overall value of its supply chain.

Fairmont strives to work with its suppliers to improve the efficiency of manufacturing operations, to implement energy-efficient product design, and to minimize shipping frequencies and packaging waste. The company purchases local supplies where possible. Additionally, the company works to reduce emissions generated by guests traveling to Fairmont properties by partnering with taxis, limos, and buses that are hybrid or use biofuels.



## Benefits of partnering with WWF

Becoming part of the Climate Savers program helped Fairmont substantiate and streamline its climate change strategy and accelerate its ability to reduce its CO<sub>2</sub> emissions. It helped Fairmont develop clear reduction targets and a system that can track properties' progress, showcase success stories, and share best practices.

“The Climate Savers program pushes you that extra step – to reach beyond your limits – which at one point your organization may have thought was not possible. By being part of the Climate Savers program, we have received validation of our actions, demonstrating we as a company are on the right track to reducing our emissions and supporting a clean economy as we look to expand our operations.”

– Sarah Dayboll, Manger, Environmental Affairs,  
Fairmont Raffles Hotels International

65

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### KEY COMPETITIVE ADVANTAGES

- **Driving innovation at local sites**
- **Driving employee engagement**
- **Exceeding guest expectations**
- **Enhancing brand reputation**
- **Enhancing partnership relations**
- **Streamlining operational efficiencies & program management**



## CHALLENGES

66

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Early on, Fairmont realized that its exceptional historic properties would offer special challenges, as physical layout, equipment, surrounding environment, and location varied greatly from one property to another. To maintain its reputation for excellent service, both client comfort and convenience were essential when retrofitting the hotel rooms. The company worked diligently to maintain a complex balance between providing superior hotel services and environmentally conscious initiatives, such as voluntary sheet and towel exchange. While addressing the misconception that being environmentally friendly does not come at a higher cost, Fairmont quickly realized the positive benefits to its bottom line, and proceeded to implement further initiatives.

Due to Fairmont's international presence, communicating the goals of the Climate Savers program and getting full cooperation from all properties proved to be challenging. When working with various cultures and languages, it is imperative there is a clear understanding of the programs and processes, providing communication tools in appropriate languages, to foster a sense of pride and understanding from employee contributions both on a local and global scale.



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## CONCLUSION AND OUTLOOK

### 67

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With more than 50 distinctive hotels and 23,000 hotel rooms around the globe, Fairmont leads by example with innovative programs and a strong commitment to expanding its Green Partnership program and reducing GHG emissions. By focusing on improvements in sustainability, waste management, energy- and water-use reductions, local community outreach programs and partnerships, the program is able to meet and exceed industry expectations of operational sustainability. Fairmont's Green Partnership program charted the course on sustainable hotel operations and this green philosophy has become a core value of the company. Its partnership with WWF helped to solidify that commitment and increased Fairmont's visibility as an environmental leader. In addition, the Climate Savers program helped Fairmont incorporate a comprehensive GHG strategy into its sustainability plan, which will help Fairmont accelerate its ability to reduce its CO<sub>2</sub> emissions.

Looking to the future, Fairmont's expansion plans focus on diversifying its properties and regional expansion to Asia, Europe, the Middle East, and Africa. A major challenge and focus of the expansion will be ensuring that new properties are built to reflect sustainable design and construction standards, and will be aligned with the company's Energy and Carbon Management program, in support of the company's climate change targets. All properties will also have to continue to implement and maintain existing green initiatives to further reduce GHG emissions, as well as seek out new and innovative environmental initiatives. Overall, Fairmont is well poised to continue its sector leadership on environmental issues.



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# Appendix C

## FAIRMONT HOTELS & RESORTS: PROJECTS BY FACILITY

### 89

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APPENDIX C  
Fairmont Projects by Facility

### DELTA TORONTO AIRPORT WEST

#### OVERVIEW

- 296 rooms
- almost \$700,000 in upgrades
- savings of over \$80,000 per year

#### MEASURES IMPLEMENTED

- 2700 lights upgraded
- centralized energy management system
- wireless control of lighting in parking area

Project managed by Direct Energy Business Services Technology and Solutions Group (formerly known as Enbridge Integrated Building Technologies Inc.)

### DELTA TORONTO EAST

#### OVERVIEW

- 368 guest rooms with a 2000-m<sup>2</sup> indoor atrium
- 18-year old facility
- \$600,000 energy efficiency program
- savings of over \$110,000 per year

#### MEASURES IMPLEMENTED

- 8500 lights upgraded
- 3.5-million-Btu boiler replaced with four commercial-sized units with a capacity of 4.0 million Btu
- computerized energy management system installed for all measurable energyconsuming functions

Project managed by Direct Energy Business Services Technology and Solutions Group

### FAIRMONT CHÂTEAU LAURIER

#### OVERVIEW

- 429 guest rooms
- over \$3 million in energy retrofits
- savings of over \$575,000 per year

#### MEASURES IMPLEMENTED

- installation of a high-efficiency boiler plant to replace the district steam heating system
- installation of high-efficiency incremental units in all guest rooms
- installation of an integrated building automation system
- lighting retrofit in common areas and guest rooms

Project managed by Direct Energy Business Services Technology and Solutions Group



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## FAIRMONT HOTELS & RESORTS: PROJECTS BY FACILITY

### 90

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Can Improve The Bottom Line

APPENDIX C  
Fairmont Projects by Facility

### THE FAIRMONT CHATEAU LAKE LOUISE

#### OVERVIEW

- 487 guest rooms
- \$460,000 in renovations
- over \$250,000 in annual savings

#### MEASURES IMPLEMENTED

- a complete lighting retrofit, from T-12 to T-8 electronic ballasts in the service areas and compact fluorescent lights for the guest rooms
- glycol heat-recovery, recycling exhaust-fan heat to corridor make-up
- Metasys® building automation system, with scheduled time control of lobby and administrative-area fans
- installation of HVAC controls
- installation of a heat-recovery system

Project managed by Johnson Controls, Inc.

### THE FAIRMONT BANFF SPRINGS

#### OVERVIEW

- over 770 guest rooms
- over \$600,000 in retrofits
- more than \$315,000 in annual savings

#### MEASURES IMPLEMENTED

- TransAlta Corporation meter consolidation saves about \$200,000 a year
- comprehensive lighting retrofit of all guest rooms
- temperature-control retrofits
- optimization of control system
- dishwasher booster conversion
- changes to fluid drives in main boiler room

Project managed by Honeywell Inc.

### FAIRMONT THE QUEEN ELIZABETH

#### OVERVIEW

- over 1000 guest rooms
- almost \$3 million in renovations
- approximately \$500,000 per year in savings

#### MEASURES IMPLEMENTED

lighting retrofit of common areas and guest suites

- EXCEL 5000® direct digital control (DDC) energy management system
- steam trap replacement
- ventilation air control for guest suites
- ventilation waste-heat recovery
- installation of new 300- and 700-ton energy-efficient chillers
- installation of two-speed motors for laundry ventilation system

Project managed by Honeywell Inc.