FAIRMONT HOTELS & RESORTS: STRETCHING THE TARGETS FOR CLIMATE ACTION AT LANDMARK HOTELS

The Fairmont Hotels & Resorts case focuses on actions taken by Fairmont during the full restoration of The Savoy in London and the building of the new Fairmont Pittsburgh in the United States. It shows the feasibility of stretching targets for lowering CO₂ emissions from hotel operations.

LONDON, UK. AUGUST 6, 2009. Debra Patterson, The Savoy’s environmental ambassador, gazed up at the entrance of the hotel. The Savoy had opened its doors exactly 120 years earlier, entering history as London’s very first luxury hotel. It is now the ambition to make The Savoy the most luxurious and environmentally responsible hotel in London. A carbon footprint reduction program is at the very heart of The Savoy’s environmental ambitions.

Meanwhile, in Pittsburgh, US Leonard Czarnecki, general manager of Fairmont Pittsburgh, was reviewing plans for the opening of a luxury hotel in the heart of downtown Pittsburgh, due to open on March 29, 2010. The hotel building had followed very strict sustainable design and construction guidelines, with the ambition to become the first Fairmont hotel to achieve Leadership in Energy and Environmental Design (LEED anticipating Gold level certification from the US Green Building Council.

Background

Fairmont Hotels & Resorts, a leading luxury global hotel brand, was created in 1907 with the opening of the Fairmont San Francisco. It is owned by Fairmont Raffles Hotels International, a company operating worldwide under the Raffles, Fairmont and Swissôtel brands.
A leader in the global hospitality industry, Fairmont Hotels & Resorts is a collection of owned and managed luxury hotels, including iconic landmarks such as The Savoy in London, The Plaza in New York, the Fairmont Le Château Frontenac in Quebec City and Kenya’s Fairmont Mount Kenya Safari Club. As of October 2009, Fairmont managed 56 diverse resorts and urban destinations across 16 countries, with plans to develop over 25 new properties in the coming years; it employed 30,000 staff.

WWF and Fairmont have worked closely together since the partnership announcement in January 2008, to create a comprehensive strategy for reducing operational emissions, thereby becoming a member of WWF’s global Climate Savers program. Climate Savers was founded in 1998 by WWF as a platform to enable companies to join forces in committing to more ambitious reductions in their greenhouse gas emissions and to transform the industry’s more customary incremental and/or passive approach toward climate change action.

**Stretching the Targets for Climate Action**

Fairmont was the first global hotel brand to join WWF’s Climate Savers program. It was already recognized as an industry leader in sustainable management (refer to Exhibit 1 for a list of environmental awards received by Fairmont Hotels & Resorts), but lacked a comprehensive approach to addressing climate change. Sarah Dayboll – manager, environmental affairs for Fairmont Raffles Hotels International – explained:

We entered into a partnership with WWF to join its prestigious Climate Savers program, in an effort to tackle Climate Change. The Climate Savers program has allowed us to conceptualize what our emissions are, where they come from and how to reduce them. The program has forced us to take a serious look at our operations and find ways to streamline energy efficiencies through strategic planning, thus enabling us to reach our target for 2013. 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. It gives us the credentials to take ambitious action in the climate change area, as people look at the Climate Savers program and immediately recognize that a respected NGO is supporting companies such as Fairmont and is standing behind our efforts.

Fairmont’s commitment as a WWF Climate Savers company is to reduce corporate-wide CO₂ emissions by 20% of their 2006 levels by 2013. As of early 2009, the company’s emissions were at 375,766 metric tonnes of CO₂-equivalent per year, corresponding to 0.055 metric tonnes of CO₂ emissions per guest night. Fairmont’s approach is to achieve emission reductions by improving energy efficiency in its properties and by increasing the use of renewable energy supply. The company has also committed to sharing best practices with other organizations and to working to increase guest and employee engagement in reducing its overall carbon footprint.

The new climate strategy was integrated into the company’s Green Partnership Program, adopted back in 1990 as the company-wide stewardship program that
aimed at minimizing operational environmental impacts. Energy efficiency standards were issued for each property and the company has implemented a new Energy and Carbon Management Program, which provides individual Fairmont properties and staff with a framework to track, monitor and reduce their carbon emissions on a consistent and measurable basis.

The company also started a process to identify strategic measures to ensure that all properties are aligned with the corporate climate goals, having completed a number of energy demand reduction projects across its portfolio.

At first, getting staff engagement to roll out the projects across the different properties was a challenging task. Employees were asked to incorporate new aspects in their day to day operations and they had to evolve their skills to address new demands. For example, engineering and operations teams had to develop new competencies and put in place proper logistics in order to improve data collection and energy use monitoring. Fairmont’s first step toward addressing those challenges was to offer training and information to key staff. However, managers knew that training and information alone would not ensure extensive buy-in.

The company’s approach to increasing internal buy-in consisted of awareness building and efforts to strengthen autonomy and accountability for results. To increase staff awareness Fairmont extensively communicated company objectives and shared information regarding the climate impact of the company’s portfolio and the benefits of reducing the overall corporate footprint. Autonomy was strengthened by allowing each property to take ownership of developing strategies to reduce its emissions. By benchmarking and publishing results from individual properties, Fairmont aimed to create friendly competition among properties and foster a sense of pride in their accomplishments.

Learning acceleration was pursued through best practice sharing, by showcasing success stories with the potential to demonstrate the types of innovation and the level of achievement the company was aiming for. The renovation of The Savoy in London and the efforts to achieve gold LEED certification level at the Fairmont Pittsburgh were particularly good examples for internal benchmarking and replication within the industry.

**The Savoy’s Restoration**

The Savoy closed its doors in December 2007 for a large-scale restoration program costing over £100 million. Embedded in this complex program of restoration was an ambitious target to reduce energy consumption by at least 40%.

The Savoy entered Fairmont Hotels’ portfolio of managed hotels in 2005 and joined the Green Partnership Program. In order to implement the program, a cross-disciplinary group of five staff members – from accounting, purchasing,

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1 Fairmont is committed to responsible tourism and its award-winning Green Partnership Program has been a key element in positioning the brand as an industry leader in sustainable hotel management. Under the innovative leadership of hotel-based Green Teams, Fairmont employees help protect the habitat, resources and culture of the places where they operate.

2 The restoration included the upgrading of all 268 guest rooms – either restored in Edwardian style or given a fresh interpretation of Art Deco style – and the addition of a Royal Suite. In the public areas, apart from renovations, there were the new Beaufort Bar and Savoy Tea Shop.
public relations, food & beverage and housekeeping – had formed the Savoy’s “Green Team,” the first of its kind in a five-star hotel in London. It conducted departmental audits, set up a monitoring process to measure environmental performance, compared environmental policies of suppliers and contractors and launched a program to roll out environmental projects and practices.

Because the hotel would be completely closed during the restoration, this presented a perfect opportunity to embark on a major carbon footprint reduction action that would not have been feasible if the hotel had been operating. Reflecting the position taken by Fairmont at an international level, The Savoy aimed to show that “it is not just new buildings that can be green.”

A leading energy management consulting firm – Evolve Energy – was brought on board during the closure to implement a carbon emissions reduction system. The aim was to reduce the hotel’s carbon footprint and save on operating costs while at the same time offering guests a more luxurious experience. Among the solutions was the replacement of heating and cooling systems with high efficiency ones and the installation of intelligent energy building controls.

The combined heat and power plant was retrofitted and became the primary hotel boiler. The system was designed to run 17 hours a day, 7 days a week, heating the building and water and generating energy as a by-product, reducing the hotel’s reliance on the energy grid by approximately 50%. In addition, heat from all kitchen appliances would be reclaimed and used to pre-heat domestic hot water.

The automated energy management system includes smart metering and 24-hour energy consumption monitoring and targeting for public areas and guest rooms. Smart guest room thermostats in all rooms and suites are designed to control lighting and room temperature based on occupancy and the outside temperature, and also to use natural ventilation to regulate the temperature inside the room. In the long term, emissions will be permanently reduced by 3,000 tons of CO2 a year, the equivalent of removing 850 vehicles from London’s roads.

The Savoy also plans to turn its food waste into renewable energy in partnership with the recycling management group, PDM. Waste from food preparation and plate scrapings will be sorted and taken to PDM’s organic biomass-to-energy renewable power plant. Waste will be collected daily and will generate enough energy to power at least 15% of the guest rooms.

Patterson explained that personal commitment from a dedicated group of colleagues, combined with a clear mandate from the company, was instrumental in changing mindsets:

> It was about embracing a new culture as part of our daily operations. It was about recognizing that we needed to be environmental stewards, that The Savoy’s operations have a direct impact on the environment; therefore our actions play an important role. The Savoy is addressing climate care through investing in a carbon reduction strategy to become more energy efficient.

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3 The Savoy’s “Green Future for The Savoy” press release.
4 A natural gas-driven internal combustion engine which produces heat in the form of hot water to heat the domestic hot water and the building. The internal combustion engine drives a 500 W electric generator which provides the base load for the hotel’s electricity demand.
The Fairmont Pittsburgh

The Fairmont Pittsburgh would host 185 guest rooms and approximately one thousand square meters of meeting space, a full service restaurant and bar and a 560-square-meter health club when fully operational. The 10-story hotel is built on top of a 23-story mixed-use building complex, the Three PNC Plaza, constructed by PNC’s Financial Services Group. Construction began in August 2006 and was scheduled to be concluded in spring 2010. The whole building complex was designed and constructed with the aim of being one of the largest environmentally friendly mixed-use buildings in the US, throughout its full building lifecycle.

Czarnecki explained that the entire hotel concept, from design and construction to operation, was anchored on a commitment to develop an environmentally friendly hotel:

The actual site of the building is a brownfield development in the very heart of the city. Priority was given to the use of recycled, local and renewable materials when choosing construction and finishing materials. Energy use reduction and indoor environmental quality were key concerns of the developers. The hotel is equipped with leading edge energy management automated systems, aiming at using the least amount of energy in the most efficient way. All guest rooms and public areas are equipped with smart thermostats. Outside fresh air is delivered to 100% of the hotel spaces. The use of daylight is maximal and provides for large amounts of natural light to guest rooms using floor to ceiling and wall to wall glass windows. An innovative “green housekeeping” roadmap was designed, providing guidelines on everything – from the selection of cleaning material (which should combine effectiveness in cleaning while both ensuring a safe environment for guests and cleaning staff and environmental friendliness) to environmental education programs for staff.

Fairmont’s ambitious goals for operational hospitality sustainability combined with PNC’s green building commitments were a winning combination and both parties felt that they could aim for the gold level LEED certification.

LEED is an internationally recognized voluntary, consensus-based standard for the design, construction and operation of high performance green buildings. LEED certifies the sustainability performance of buildings in five categories: sustainable site development, water savings, energy efficiency, materials selection and indoor environmental quality. The rating system adopted by LEED offers four

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5 The Three PNC Plaza is a 23-story, 72,000-square-meter structure that includes 30,000 square meters of office space, the Fairmont Pittsburgh Hotel and a 10-story, 30-unit luxury condominium.
6 The PNC Financial Services Group is a large diversified financial services organization operating within the sectors of retail and business banking, wealth management, asset management and global fund services.
7 The full building lifecycle comprises design and construction, operations and maintenance, tenant fit out and significant retrofit.
8 “Brownfield development” is a term used to describe the revitalization of all types of contaminated land to productive economic and/or green space use.
9 PNC was the first major US bank to apply green building standards to all new branches. As of mid-2009, with 43 buildings certified by LEED, PNC has the most certified green buildings in the world.
certification levels – certified, silver, gold and platinum – corresponding to the number of credits accrued in the five categories (refer to Exhibit 2 for the LEED certification points system summary).

Fairmont and PNC’s ambition to go for the stretch goal of LEED Gold certification\(^\text{10}\) had only been achieved by three hotels.\(^\text{11}\) Czarnecki commented that working closely with PNC made it easy, since PNC’s unequalled experience allowed them to quickly overcome technical obstacles and demonstrate that building according to LEED standards could be cost neutral. He explained:

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\text{We had a clear mandate from Fairmont to go as far as possible with pursuing our environmental and climate goals, but getting significant internal buy-in within our team was not a given. We had to help everyone understand the different levels of benefits that came from what we were doing. The primary benefit of “doing the right thing” and creating an environmentally, climate responsible and beautiful hotel was to reduce the long-term impact the hotel would have on the environment. The secondary benefit was aligning staff own values and beliefs with their daily work, and the tertiary benefit was making the first LEED certified Fairmont hotel happen.}
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**Planning Ahead**

As Fairmont expands its operations – through portfolio diversification and regional expansion to Europe, Asia, Africa and the Middle East – the major challenge will be to ensure the alignment of new properties with the corporate climate goals and the smooth roll-out of its Energy and Carbon Management program. How will the implications of the diversification strategy on the profile of this home-grown North American hotel chain affect its energy efficiency policy?

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\(^{10}\) As of September 2007, only one hotel had achieved the Platinum level certification, three had achieved Gold level, seven Silver and six “Certified.”.

\(^{11}\) The three Gold level certified hotels are: CityFlats Hotel – Charter House Holdings (Michigan, US); Montage Hotel Beverly Hills (California, US); Hotel Carlton San Francisco (California, US).
Exhibit 1
List of Corporate Environmental Awards Received by Fairmont Hotels & Resorts


Canada’s Top 100 Employers – Canada’s Greenest Employers. 2009. This list recognizes exceptional employers leading the creation of an environmental awareness culture that has exceptional earth-friendly initiatives, and recognizes employee recruitment and customer retention based on environmental leadership.

The Professional Convention Management Association (PCMA) – Environmental Leadership Award. 2008. Fairmont’s Eco-Meet Program was recognized with the inaugural Environmental Leadership Award as part of PCMA’s 2008 Achievement Awards.

Hotelier Magazine – Green Leadership Award. 2008. Fairmont’s Green Partnership program was honored with Hotelier’s inaugural award, in recognition of the brand’s longstanding commitment to environmental initiatives.

Inaugural IMEX Green Supplier Award. 2008. This award represents the highest accolade for environmental responsibility among meeting suppliers.

Canada’s Top 100 Employers – Canada’s Most Earth-Friendly Employers. 2008.

Strategy Magazine – Cause & Action Award. 2008. Fairmont’s Green Partnership Program was awarded for the second consecutive year, with particular emphasis on latest efforts to address climate change in partnership with WWF.

Top 100 Low-Carbon Pioneer. CNBC European Business. 2008. Fairmont placed 29th and was the only hotel group listed.

e-Tourism Climate Change Award. 2007 (runner-up) UNWTO (World Tourism Organization) & Microsoft.

Green Innovation. 2007. Association of Travel Marketing Executives.


Awarded Chain Leadership Award – Overall Innovation. 2007. Lodging Hospitality.


Global Tourism Business Award – World Tourism & Travel Council. 2006. Recognized as the best global example of responsible tourism and sustainable operations.


International Hotel & Restaurant Association Environmental Award Recognition (honorable mention). 2005. Recognized for exceptional work in “Engaging the Guest in Environmental Actions”.

BC Hydro – Power Smart Certification. 2003. Power Smart Certification is reserved for a select group of organizations demonstrating superior energy efficiency leadership with a history of continuous improvement.


Source: Fairmont Hotels & Resources website.
http://www.fairmont.com/EN_FA/AboutFairmont/environment/Awards/EnvironmentAwards.htm

Exhibit 2
LEED Certification Points