

Fairmont

HOTELS & RESORTS

Green Partnership Program

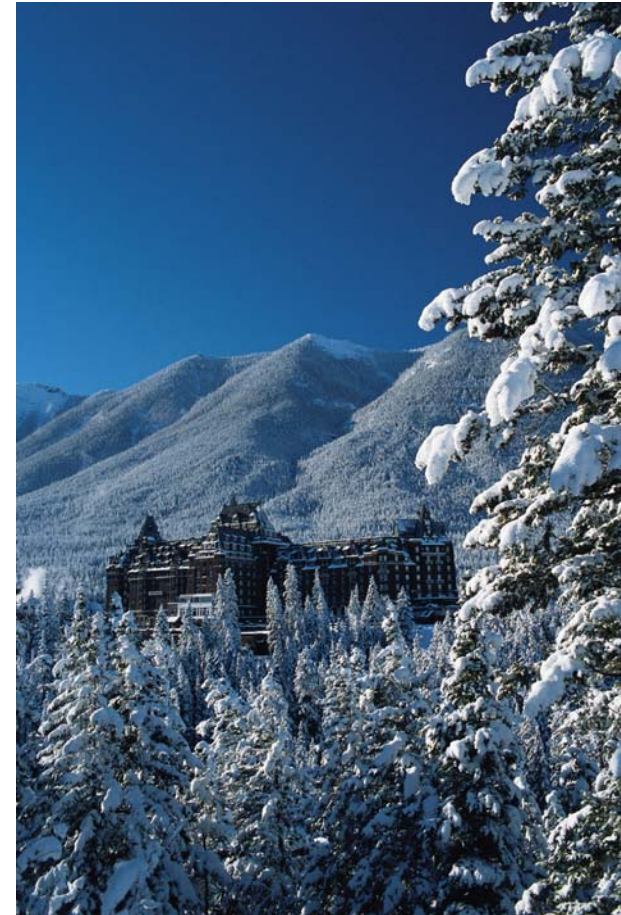
Building a Business Case for Sustainability



June 14, 2006

Company Overview

- Headquartered in Toronto, Fairmont is North America's largest hotel management company
- Featuring 50 hotels in 9 countries
- Canada, United States, Mexico, England, Monaco, Bermuda, Barbados, Kenya, & United Arab Emirates
- Includes distinct city and resort destinations including:
The Fairmont San Francisco,
The Fairmont Banff Springs,
and London's Savoy



Green Partnership Program

- The Green Partnership is Fairmont's commitment to environmental stewardship, designed to minimize operational impacts on the environment
- Originated (1990) in the Canadian portfolio and has expanded internationally
- Green Partnership Guide
 - Collection of industry best practices



The Green Partnership Guide



A Practical Guide to Greening Your Hotel



Foreword by Dr. David Suzuki



Environmental Ethics

- Fairmont was the first hotel company to initiate a chain wide environmental program.
- Many hotels are situated in unique environments:
 - UNESCO World Heritage Sites
 - National Parks
 - Biosphere Reserves
 - Ecosystems such as the Sonoran Desert, coastal zones, and mangrove wetlands.

Green Partnership Focus Areas

- Waste Management
 - Recycling
 - Organics Diversion
 - Food & goods redistribution through our Adopt-a –Shelter initiative



Green Partnership Focus Areas

- Energy Conservation
 - Lighting Retrofits
 - HVAC upgrades
 - Alternate energy technology
 - Promoting sustainable energy



Green Partnership Focus Areas

- Water Conservation
 - Tap aerators
 - Low flow showerheads
 - Low flush toilets
 - Wastewater recycling systems



Green Partnership Focus Areas

- Eco-Innovation Signature Projects - building local partnerships
 - Turtle conservation, Mexico
 - Coral reef protection, Hawaii
 - Beluga whale adoption, Quebec, Canada



Triple - Bottom Line Approach

- The program succeeds because it examines 3 major considerations:
 - Financial
 - Environmental
 - Social

Green Benefits

- Cost effective (engineering & capital investments)
- Caters to our guests and builds guest loyalty.
 - Green programs are a consideration when making travel decisions.
- Ability to cater to niche markets
- Builds brand identity –
 - Point of differentiation from other brands.
- Increases PR & Marketing value – generates media interest
- Builds reputation as an environmental leader in the hotel industry
- Demonstrates Corporate Social Responsibility

Case Study – Cost Savings

- The Fairmont Royal York
 - City of Toronto implemented an ICI Water Saver Program rewarding ICI sectors for water savings
 - First commercial property in Toronto to be awarded \$48,685
 - Installed a commercial water softener, reducing water use in the laundry to one wash & one rinse per cycle
 - Saved 476,000 liters/day (enough water to supply 500 homes!)



Case Study – Cost Savings

- The Fairmont Kea Lani, Maui
 - Installed a water recycling system in the laundry
 - 75% water recycling capacity
 - Consider: property consumes 2 million gallons water/month.
 - ROI: 12-15 months



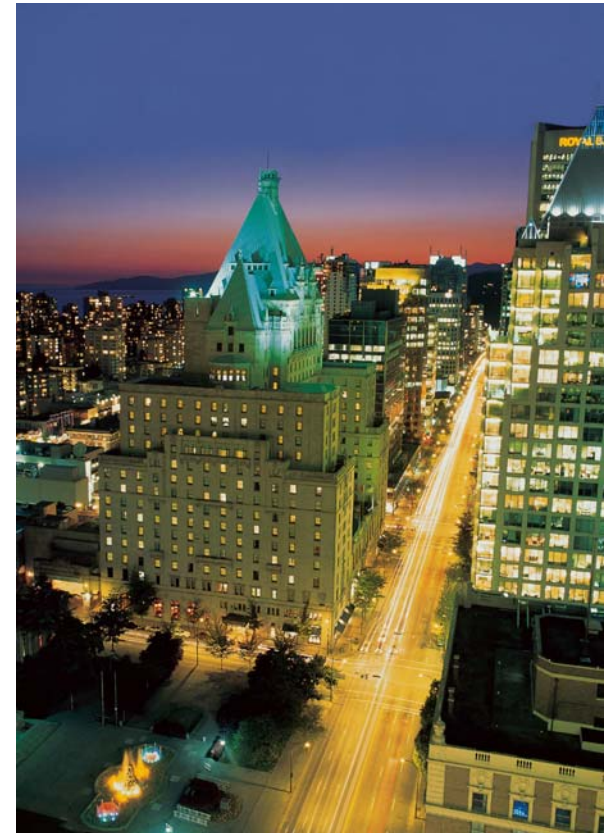
Case Study – Cost Savings

- The Fairmont Palliser
 - In 2005, completed a hallway lighting retrofit on 8 floors
 - Replaced incandescent bulbs with 30 watt energy efficient bulbs
 - Realized a cost savings of \$16, 560
 - Saved 20, 625 KwH



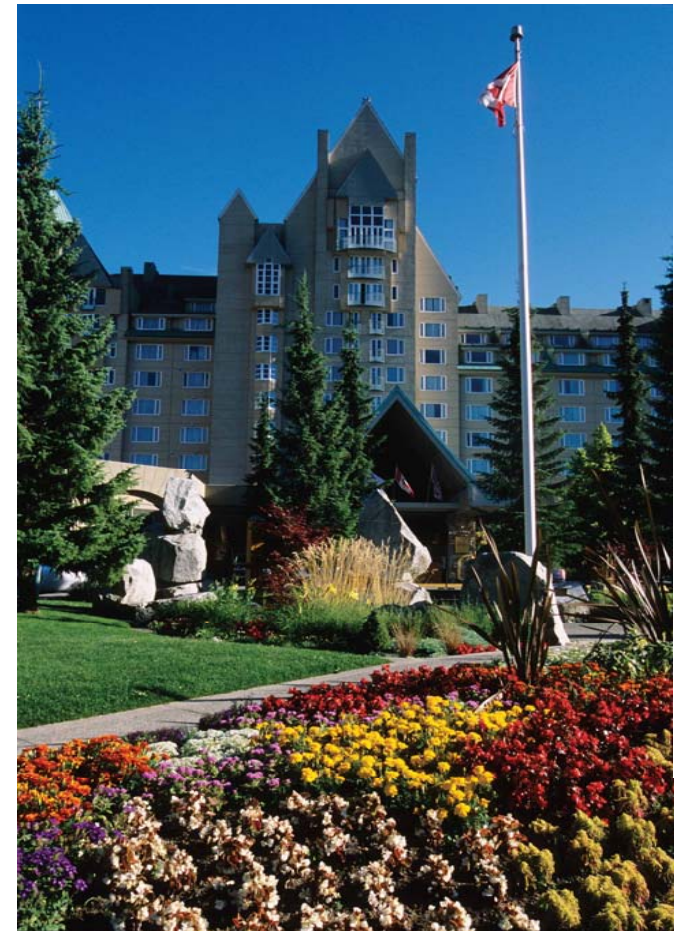
Case Study – Cost Savings

- Fairmont Hotels & Resorts (BC Region)
 - Affiliated with BC Hydro's Power Smart program.
 - Only hotel company in BC awarded Power Smart Certification (2002)
 - Includes all 5 BC properties
 - Through a series of lighting retrofits, boiler upgrades, installation of energy management control systems, and training & awareness employee programs.



Case Study – Cost Savings

- Through a series of lighting retrofits, boiler upgrades, installation of energy management control systems, and training & awareness programs.
- Since 1999, the hotel has saved \$700,000 in electricity savings.
- Enough to meet the needs of Waterfront, Vancouver Airport, & Hotel Vancouver for one year
- Preventing the release of 7800 tons of GHG emissions.
- In 2004, reduction of 2,011,599 kWh, 505 tons of GHG (215.4 cars OTR/ 1060 acres of trees).



Catering to Niche Markets

- Accomplished in 2 ways:
 - By having an environmental program that allows consumers to make sustainable travel choices
 - By allowing our guests/groups to host reduced waste or green meetings/events through Eco-Meet

Catering to Niche Markets

- Eco-Meet:
 - Fairmont's green meetings/reduced waste conference planning option
 - Designed to offer meetings with a reduced ecological footprint.
 - 4 considerations:
 - Service – meeting room recycling stations, disposable free F&B service
 - Accommodation – in-room recycling, energy efficient lighting
 - Programming – offer tours of our facilities
 - Cuisine – local and organic produce

Catering to Niche Markets

- Eco-Meet Events
 - 4th Annual Leadership Summit on Sustainable Design – Design Futures Council
 - The Fairmont San Francisco
 - Promoted Mayakoba as the location for their next event.
 - 10th Annual LOHAS Business Forum (*Lifestyles of Health and Sustainability*)
 - A market group valued at \$230 billion US
 - The Fairmont Miramar Hotel, Santa Monica



Green Partnership Program Positioning

- Eco-Innovation Signature Projects:
 - Unique hotel projects that address an environmental issue specific to the area where the hotel is located
 - Unique destination travel experiences for our guests
 - Emphasize environmental adventure and education
 - Cater to family travel
 - 29 projects to date
 - Many of these have grown into hotel packages that are booked online

Green Partnership Program Positioning

- Eco-Innovation Signature Projects
 - Fairmont Le Manoir Richelieu, Beluga Whale Adoption



Green Partnership Program Positioning

- Eco-Innovation Signature Projects
 - The Fairmont Orchid, Room to Reef



Green Partnership Program Positioning

- Eco-Innovation Signature Projects
 - The Fairmont Acapulco Princess & The Fairmont Pierre Marques, Turtle Conservation



Green Partnership Program Positioning

- Allows Fairmont to meet guest expectations and build guest loyalty
- Existence of green programs is a consideration for travelers when choosing accommodation:
 - 60% of Canadians prefer to stay in green hotels (Hotel Association of Canada)
 - 43 million Americans « ecologically concerned » (US Travel Data Center)
- Today, the environment is top of mind for mainstream publications carrying environmental messaging
- Given this new media interest, the program increases PR value for the company and helps to position Fairmont as an industry leader
- Demonstrates Corporate Social Responsibility

Green Partnership Program Positioning

- Many governments & companies are implementing green procurement policies dictating that their suppliers must have green programs in place.
- Examples of other companies that have used their environmental programs to position themselves include:
 - IBM
 - Johnson & Johnson
 - Ikea
 - Starbucks
- The Green Partnership allows Fairmont to compete in a rapidly changing business environment.