January 2006

CLIMATE LEADERS

EPA's Climate Leaders Partnership Program Overview

What is Climate Leaders?

- Encourages companies to develop comprehensive climate change strategies
- Assists companies to understand and manage their GHG risk
- Provides inventory protocol to track corporate GHG emissions and reductions
- Key Component of The Administration's Climate Plan



EPA's Climate Change Umbrella Program





What Climate Leaders Means For Your Business

- Public recognition
- Technical inventorying assistance
- Better manage GHG emissions and associated risks
- Become a well-informed player in policy discussions
- Integration with State,
 Regional, and international
 GHG accounting schemes
- Peer exchange





High-Level Public Recognition

Climate Leaders Partners receive high- level recognition through:

- press events
- partner meetings
- articles in local, national, and trade press
 - PSAs



Eric Kuhn of Cinergy receives recognition certificate announcing their Climate Leaders GHG Target



High-Level Public Recognition

Advanced Micro Devices, Jac American Flactric Power Ball Corporation Bank of America Corporatio Baxter International Calpine Caterpillar Inc The Collins Companies Cinergy Corp. Eastman Kodak Company Exelon Corporation First Environment, Inc. FPL Group, Inc Frito Lav. Inc. Gan Inc. General Electric Company General Motors Corporation Green Mountain Energy Company Hasbro, Inc. Holcim (US) Inc **IBM** Corporation Interface Inc. International Pape Johnson & Johnson Marriott International, Inc Melaver Inc. Miller Brewing Company National Renewable Energy Laboratory Norm Thompson Outfitters, Inc Pfizer Inc. PSEG Roche Group US Affiliates SC Johnson Staples, Inc. St. Lawrence Cemen Sun Microsystems, Inc. United Technologies Corporati Xerox Corporation

CLIMATE



EPA congrabilities these corporate leaders for setting goals to reduce billions of pounds of geenhouse gas arrivations. It's the equivalent of eliminating the annual emissions of 5 million cars. Now, that's a healthy diet which can benefit us all. To learn how your

mpany can become a Climate Leader, go to www.epa.gov/climate

 Climate Leaders public service announcement (PSA) highlights Partners that have set targets

 The current PSA has been placed in US News & World Report, Forbes, Entrepreneur, & Inc.



- Total Circulation: 4,612,193
- Total Ad Value: **\$565,512**

Free Technical Assistance

Climate Leaders provides expert technical assistance to

- Understand the Climate Leaders GHG Protocol
- Create a high-quality GHG inventory
- Develop an inventory management plan

"The Climate Leaders program offers us an excellent opportunity to identify, track, and reduce GHG emissions with assistance from EPA and its technical consultants. This important partnership reflects our ongoing corporate commitment to a healthy environment."

- Mike Bell, Vice President, Building Services, Target Corporation



Becoming a Climate Leaders Partner Is Simple

Partners agree to:

- Complete an annual GHG inventory
- Develop and document for EPA an inventory management plan
- Set a 5 10 year emissions reduction goal that's aggressive for your sector



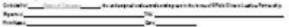
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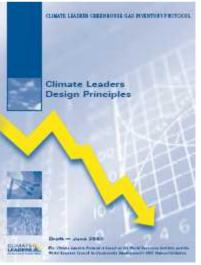
A Customized Inventory

Required

- Corporate-wide (all U.S. operations)
- > 6 major GHGs
- Direct emissions
- Indirect emissions from electricity, heat, and steam

Optional

- International operations
- > Offset projects
- Employee travel and commuting
- Product transport





Partners Must Develop An Inventory Management Plan

- Partners develop and implement an Inventory Management Plan (IMP) or a similar collection of Standard Operating Procedures and document process for EPA
- EPA has provided a checklist of components that make up a good IMP for use as a guideline when preparing documentation
- EPA review of a company's IMP provides assurance that Partners develop a high-quality inventory and institutionalize their inventory process



Climate Leaders Reduction Goals

A corporate GHG reduction pledge to be achieved over next 5-10 years

- Must be considered aggressive for your sector
- May be absolute or normalized for production
- Must set base year using recent data
- May record reductions back to 1990
- May reevaluate pledge over time



Partner Commitments

46 Climate Leaders Partners have set reduction goals

- Gap Inc. pledged to reduce U.S. GHG emissions by 11 percent per square foot from 2003 to 2008
- General Motors pledged to reduce total emissions in 2000 by 10% for all of their N.A. facilities by 2005
- Holcim pledged to reduce emissions in 2000 by 12% per ton of cement by 2008
- Cinergy pledged to reduce total emissions by 5% below 2000 levels by 2010
- •79 current Partners



Partner Success Story: SC Johnson

Cogeneration Using Landfill Gas

SC Johnson pledged to reduce its GHG intensity by 23% per pound of product from 2000 to 2005.

The company focused their GHG reductions efforts at their largest facility, Waxdale.

Two strategies were combined - using cogeneration to increase efficiency and using landfill methane, a renewable power source.

SC Johnson installed a turbine system which burns landfill gas and will reduce GHG emissions by 30,000 tons per year. The system will also cut the facility's electricity and natural gas consumption roughly in half.

Project will save more than \$2million dollars a year with nearly 20% return on investment.



Partner Success Story: Baxter International

Energy Efficiency

Baxter pledged to reduce U.S. GHG emissions by 16 percent per unit of production value from 2000 to 2005, with production value equated to cost of goods sold, adjusted for changes in inventory, business acquisitions, divestitures, and inflation.

The company was one of the first Partners to meet its goal.

Baxter's GHG reduction strategy has relied largely on improving energy efficiency at several U.S. facilities. For example, the company now uses sterilization procedures that are more energy efficient, has employed new technology in its clean rooms to reduce its HVAC and lighting requirements, and has built new energy efficient plasma collection centers.



Partner Success Story: Cinergy

Funding an Aggressive Goal

Cinergy has pledged to reduce total U.S. GHG emissions by 5 percent from 2000 levels by 2010 through 2012.

To meet its aggressive goal, the company has dedicated a fund of at least \$21 million from 2004 to 2010 and set up a GHG Management Committee to oversee it.

In 2004 and 2005, the Committee received more than 200 responses to its annual Request for Ideas and has funded 30 projects at a total of \$6 million.

Cinergy expects to reduce approximately 600,000 tons of CO2 annually.



Partner Success Story: IBM

Saving Money

IBM pledged to achieve 1) average annual CO2 emissions reductions equivalent to 4 percent of the emissions associated with the company's worldwide energy use and 2) an absolute 10 percent reduction in perfluorocompound (PFC) emissions from IBM's semiconductor manufacturing processes from 2000 to 2005.

IBM met its energy use goal through renewable energy procurement and energy efficiency, including motion detectors for lighting control and building environment controls to minimize energy usage.

IBM engineers took a leadership role in redesigning PFC-using processes; the company reduced PFC emissions by 57.6% from 2000 to 2004.

The company estimates it has saved \$115 million in reduced energy costs since 1998.



Climate Leaders Impact

- Partners combined U.S. GHG emissions equal to 8% of total U.S. GHG emissions
- The targets announced to date will prevent a total of eight million metric tons of carbon equivalent per year
- These reductions are equal to the annual emissions of five million cars



The Company We Keep

