

# Building a Healthier Climate



By Lynn Morrissey

**WORKING WITH THE EPA, FORWARD-THINKING COMPANIES TAKE THE LEAD IN REDUCING GREENHOUSE GAS EMISSIONS.**

**T**his year marks a watershed for action on slowing climate change. Clean energy is poised to become the hottest new market for venture capital investment since the dot-com boom, and for the first time, companies lowering their greenhouse gas emissions are being rewarded by mainstream investors and insurers for improved risk management. Public awareness has also been brought to the forefront, fueled by insightful books and documentaries that focus attention on the future as well as the changes that need to be made now to avoid a dramatic increase in global temperature.

In this environment, how should business leaders respond? One way is to work to voluntarily reduce emissions and to increase efficiency in using scarce resources. “Many of the efforts used to reduce carbon dioxide emissions and to increase the efficiency of companies also reduce costs,” says Bill Wehrum, acting assistant administrator of the U.S. Environmental Protection Agency’s Office of Air and Radiation. “It’s a clear example of how what’s good for the environment can also be good for business.”

One step companies have taken to get help identifying and reducing their greenhouse gas emissions is to join an EPA program known as Climate Leaders. Launched in 2002, the program is an industry-government partnership that works with companies to help them develop long-term greenhouse gas reduction strategies. More than 100 companies are currently participating in the program, which involves taking inventory of the sources of greenhouse gases within their operations and taking steps to reduce or eliminate them. Taken together, their emissions reduction goals will prevent a total of over 10 million metric tons of carbon equivalents per year from entering the atmosphere, which is an amount equal to the annual emissions of nearly 7 million cars. Climate Leaders partners represent virtually every sector of the economy, from heavy manufacturing to banking, computer giants to major retailers. Three companies in particular — Exelon, Sun Microsystems and Shaklee — provide useful case studies of the many ways in which Climate Leaders are working to meet the challenge of the century.

### EXELON: Using Energy Wisely

As one of the nation’s largest electric and gas energy companies, Exelon Corp. takes global warming seriously. “We believe the scientific evidence that climate change is real,” says Helen Howes, the company’s vice president of Environment, Health and Safety. “As a result, we believe that urgency is required in taking action to reduce greenhouse gases.” To that end, the company has been an advocate at the federal level for economy-wide federal legislation to reduce carbon dioxide emissions. The company has also joined the EPA’s Climate Leaders program, and established a voluntary commitment to reduce its carbon emissions by 8% by the end of 2008, compared to the baseline year of 2001. “The happy circumstances are that in some cases we have been saving money as we have been achieving greenhouse gas reductions,” says Howes. “We have been reducing the carbon intensity of our own operations, and we think that puts us in a very good place because we expect that there will be federal legislation in time.”

The company generates electricity from the largest nuclear fleet in the nation, emitting virtually no greenhouse gases in the production process. Exelon has also taken a stand to promote energy efficiency and renewable energy, beginning right at its corporate headquarters in Chicago’s Chase Tower. There, the company is in the process of

renovating ten floors and adhering to “green” building code standards, which encourage companies to use renewable energy and be more efficient in the use of electricity and water, in addition to integrating recycling in a meaningful way. Using criteria established by the U.S. Green Building Council’s Leadership in Energy and Environmental Design (LEED) program, Exelon is seeking the highest level of certification available to Commercial Interior renovations: LEED-CI (Commercial Interiors) Platinum certification. Upon completion of the project, and the U.S. Green Building Council certification process, Exelon’s new headquarters is projected to be the largest LEED renovated office space in the country. “We have committed to 100% renewable energy use for the floors that we will be occupying,” says Howes, who says that the focus on energy efficiency will also lead to a reduction in energy consumption by 20% to 35% compared to a conventional office. “We expect to pay a 10% premium for renovating the office space, but we expect to gain those dollars back in reduced operating costs for water and electricity,” says Howes.

The company has committed to a number of other initiatives, with environmental enhancement as its goal. One is the Fairless Hills Generating Station in Pennsylvania that burns landfill gas. Exelon invested more than \$11 million to expand its generating capacity, making it the second-largest landfill gas generating station in the U.S. “Methane is a very potent greenhouse gas, which is spontaneously released into the environment from landfills,” says Howes. “This 60-megawatt project captures it as a usable fuel resource.” The company



has also made a commitment to using biodiesel fuel, which is a renewable resource. By the end of 2006, Exelon's two distribution companies, PECO in Philadelphia and ComEd in Chicago, will use 100% renewable diesel fuel for the vehicles they operate, which amounts to a significant reduction in greenhouse gases and other emissions. "We're also increasing our fleet of hybrid vehicles to reduce the greenhouse gases associated with our vehicle fleet, and have purchased 50 Ford Escape Hybrids to that end," she says.

### **SUN MICROSYSTEMS:** **Reducing Energy Demands**

In searching for ways to reduce greenhouse gas emissions, Sun Microsystems had to take a close look at its day-to-day operations to see what could be changed. "We don't have metal refineries, we don't have big fleets of trucks and we don't fly planes," says David Douglas, the company's vice president of Eco Responsibility. Yet, what could a company composed largely of office workers do to achieve a significant reduction in emissions?

The answer for Sun lay in reinventing the rules for the corporate work schedule through a program it calls Open Work. Going far beyond the "flex-time" found in most companies, the Open Work program literally institutionalizes employee flexibility and work-at-home capabilities, and extends them to nearly every worker in the company. The program builds options for Sun employees by allowing them to take advantage of satellite offices closer to their homes, which provides them with alternatives to lengthy commutes. People who sign up for the program also voluntarily give up permanent office space, and in return receive shared office space as well as equipment they need to work at home. Since 2001, the project has been a major success with Sun workers. "Over 46% of our employees have joined the program, and as a result we've reduced our overall office facility space by approximately one-sixth," says Douglas. The benefits for the

company have been twofold. The reduction in emissions resulting from shorter commutes will amount to 30,000 tons of carbon dioxide in 2006 alone, says Douglas. Meanwhile, Sun benefits as well: "Last year we saved over \$60 million through reductions in the cost of running and operating office space."

The company also looks beyond greenhouse gas reductions toward waste reduction. Through its product take back program, the company invites customers to return antiquated products, which it then remanufactures and recycles. "As everyone knows, computers such as PCs are getting increasingly harder to get rid of," says Douglas. By guaranteeing to take back anything it sells, the company has been able to create an efficient reclamation and disposal operation that can serve as a model for others. "Between reuse and recycling, we can find good things to do with over 95% of what we get back. That means that less than 5% goes into the waste stream," he says. "We believe these are leading numbers in the industry right now."

### **SHAKLEE:** **Putting the Earth First**

Shaklee, the premier provider of natural nutritional supplements, has a 50-year track record of being an environmental pioneer. The company's earth-friendly focus began when Dr. Shaklee started the company based on the philosophy of Living in Harmony with Nature™. "We were founded on a simple premise," says Roger Barnett, the company's chairman and chief executive officer. "Since we extract from nature to create what we believe are the best natural health products in the marketplace, we should give back to nature in equal part."

In 1960, Shaklee introduced one of the first biodegradable non-toxic cleaners in the U.S., which was also super-concentrated and used significantly less packaging. In subsequent decades, Shaklee maintained its commitment to environmental stewardship.




- In the 1970s it supported Jacques Cousteau's expeditions.
- In the 1980s Shaklee sponsored the first expedition to the North Pole to measure global warming.
- In the late '80s and '90s, Shaklee planted 1 million trees in the Himalayas through Sir Edmund Hillary's foundation, and Basic H<sup>®</sup>, its biodegradable, non-toxic cleaner, was named an official Earth Day product.
- In 2000, Shaklee U.S. became the first company in the world to be Climate Neutral certified and have a net zero impact on the environment.
- In 2006, Dr. Wangari Maathai, the 2004 Nobel Peace Prize Laureate, was named Global Ambassador of Shaklee's new environmental campaign, "A Million Trees. A Million Dreams," designed to plant 1 million trees in North America and an additional 1 million trees in Kenya.

Through Climate Leaders, the company continues to lead on this issue by pledging to maintain net-zero carbon emissions from 2006–2009. "We are committed to lead, even though we're not the biggest company in the world. We want to prove that financial success can be enhanced by doing the right thing," says Barnett. If the top 500 companies in the world followed Shaklee's lead and became

carbon neutral, Barnett says, that would be the equivalent of eliminating half a billion cars from the road, and would have a dramatic impact on greenhouse gas emissions.

Shaklee continues to innovate, trying to make sure that all its actions have multiple benefits. In August, Shaklee held its 50th anniversary celebration in its hometown of San Francisco and held the city's first carbon-neutral convention by planting trees to help fulfill the city's green program. Shaklee intends to further offset its future carbon emissions by installing solar energy panels to electrify some of the United Nations' Millennium Development villages in Africa, so that these villages can be brought into the world's economy, but in a way that is fully sustainable and carbon neutral.

For Shaklee, focusing on the climate represents good business sense, as well as good environmental sense. "There is a growing consumer awareness and demand for products that are good for the customers and good for the planet, and we think that is a market trend that is only going to grow in the future," says Barnett. "This is more than just a social program that makes us feel good — this is the core of our business, a key driver of our revenues and a major attraction for distributors and employees to our company." As a result, Shaklee sales have recently grown by over 20%, fueled by a surge of new people joining its 750,000 members and distributors in sharing natural health and wellness products that help make the planet healthier as well. 

## WEB ADDRESS DIRECTORY

**EXELON CORP.**  
www.exeloncorp.com

**SHAKLEE**  
www.shaklee.com

**SUN MICROSYSTEMS**  
www.sun.com

## BECOMING A CLIMATE LEADER

The EPA's Climate Leaders program is good for the global environment, and it is also good for business. By becoming a Climate Leader, a company can:

- Be identified as an environmental leader
- Increase energy efficiency and reduce energy costs
- Create a credible record of accomplishments
- Receive technical assistance to complete a greenhouse gas inventory
- Improve management of greenhouse gas emissions
- Become a well-informed player in the climate change policy discussion

To learn how your company can become a Climate Leader, visit the program Web site at [www.epa.gov/climateleaders](http://www.epa.gov/climateleaders).

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