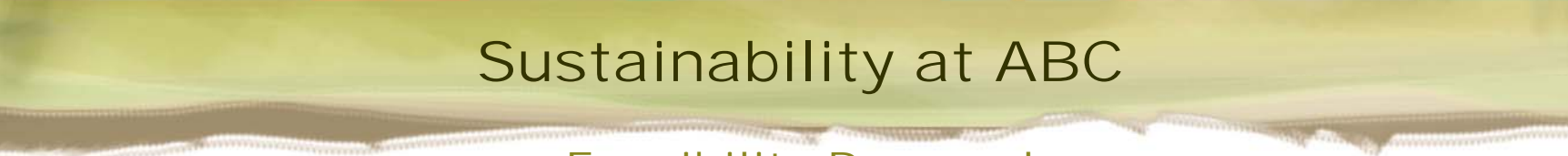




Sustainability at ABC

Feasibility Proposal
June 2005



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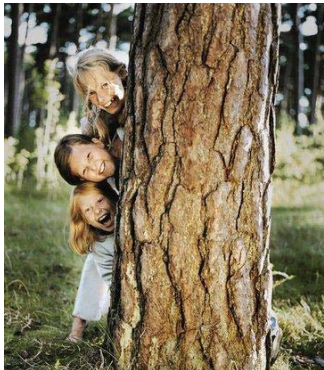


OVERVIEW What is it? Why do this?



WHAT IS SUSTAINABILITY?

Achieving a sustainable society requires:



Preserving natural resources for future generations

Protecting ecosystems for the flourishing of biodiversity

Ensuring equitable opportunities and benefits

WHAT IS SUSTAINABILITY?

Sustainable business requires distinguished products that:

Minimize waste & toxins

Meet customer needs

Bring benefits to communities

Build enduring profitability



WHY DO THIS? The Rewards for Business

Increased revenue:

- Consumers are increasingly attracted to “Green” products.
- Possible preferred provider with sustainability committed companies.

Protecting & building market share:

- Barrier to entry for our competitors to key customers like Starbucks and Nike.

Reduced expenses

- Through eco-efficiencies (energy, water), process redesign, waste recapture/reduction, and raw material savings.

Reduced risk and easier financing

- Longer term: lower insurance premiums and attractiveness to investors.

Attracting top talent

- Top tier candidates whose values are complementary with sustainability.

Higher retention of employees

- Employees perceive ABC as a better place to work
- Personal alignment with ABC’s environmental and social commitments.

Higher productivity

- Employees working in a healthier environment
- Employees energized by contributing to worthwhile work and satisfaction of making a difference

Sustainability in the Retail Marketplace





GOALS & PROCESS

What does it look like?
How do we get there?



Company ABC
The Journey to Profitable Sustainability



ABC Current Vision + Proposed Sustainability Vision

ABC will be a globally recognized company, delivering great brands to consumers and innovative product to major private-label companies.

We will perpetuate our mission in a challenging environment, where people are free to think, create, speak out and achieve their dreams.

We will passionately pursue operational excellence in all of our processes to provide incomparable service to our customers, suppliers, teammates, and the world.

We will embrace sustainability and foster success in the changing global marketplace by integrating best practices that create thriving communities.

ABC Current Mission + Proposed Sustainability Mission

We work to exceed the expectations of our clients around the world by creating exciting and innovative consumer products.

We achieve this by being the leader in the design, engineering and manufacturing of affordable products while maintaining the highest quality standards. We earn customer loyalty by providing unmatched customer service and operational excellence.

The foundation of ABC is a positive, challenging and rewarding work environment that fosters cultural diversity and values team and individuals equally.

We will become the leader in sustainable practices within our industry category by discovering, implementing, and continuously improving sustainable practices that increase revenues, enhance ABC's reputation, reduce risk, and add value to the lives of consumers everywhere.

TOP 3 GOALS FOR CORPORATE MANAGEMENT

(Business Model - Organization - Company Culture - Finances)

1. Align all company policies and procedures with sustainability goals, including integration into company financial goals and reporting structure.
2. Develop sustainability-aligned team goals and individual goals for all current roles and responsibilities
3. Integrate new sustainability advocate/trainer roles into existing company organizational structure.

Proposal for Implementation

CORPORATE MANAGEMENT GOALS

1. Assessment Workshop focusing on ABC's policies and performance benchmarked against best practices utilizing the Global Citizenship 360 program used by many Fortune 500 companies. Result: Identification of gaps and opportunities.
2. Establish an accounting process to capture sustainability investments and benefits that accrue across divisions and functions.
3. Calculate a preliminary cost/benefit analysis and estimate of ROI for sustainability investments over a three-year period.

TOP 3 GOALS FOR GLOBAL OFFICES AND ADMINISTRATIVE OPERATIONS

1. Create sustainable offices with impact-reducing improvements travel, outside vendors and services, and physical energy-saving measures
2. Develop a Sustainability Education Plan for ABC and implement
3. Create a cultural shift within ABC with sustainability as the center: integrate by having common goals that will be driven through event-based participation, in all ABC offices. Goal: 100% participation.

Proposal for Implementation

GLOBAL OFFICE AND ADMINISTRATIVE OPERATIONS GOALS

1. Develop a corporate-wide training program: sustainability goals, opportunities, and tracking system.
 - a. Targeted training for divisional leaders and key staff
 - b. Training the trainers for corporate wide outreach

2. Update purchasing policies and processes, utilizing sustainable procurement standards
 - a. Conduct sustainable procurement training
 - b. Establish benchmarks for high-impact areas such as paper, electronics, building materials, furniture, & cleaning supplies.

3. Calculate "energy footprint" and develop strategies for energy usage reductions and renewables.
 - a. Track savings and greenhouse gas reductions.

TOP 3 GOALS FOR PRODUCT DESIGN AND DEVELOPMENT

1. Sustainable material and process improvements: develop an action plan that includes sustainable material and process improvements in all product areas
2. Utilize lifecycle analysis as an attribute of product evaluation
3. Integrate updated market research regarding positive brand differentiation.

Proposal for Implementation

PRODUCT DESIGN GOALS

1. Utilize life cycle analysis as an attribute of product evaluation
2. Review continuous improvement processes:
 - a. Toxin-free products to create risk reduction and consumer appeal
 - b. Use of recycled content
 - c. Disassembly and recycling
3. Continue alternative material R&D including bio-plastics

Top 3 Goals for
MANUFACTURING
Factory Operations/COC

1. ISO 14000 certification for all ABC factories
2. Zero Waste -- Zero Toxins
3. Reduce environmental impacts of shipping & transportation

Proposal for Implementation

MANUFACTURING

1. Implement ISO 14000 certification process that will incorporate sustainability benchmarking for continuous improvement.
2. Integrate eco-efficiencies and clean-lean production processes into ISO project for zero waste outcomes
3. Supply Chain Optimization: Map the materials and product flow from factory input to customer delivery, Including shipping and packaging

TOP 3 GOALS FOR MARKETING, COMMUNICATIONS CORPORATE RESPONSIBILITY

1. Develop protocol for ABC Sustainability Messaging:
 - A. Internally – Implement strategy to grow an authentic shift in corporate culture from the bottom up and the top down
 - B. Externally – Implement ABC Sustainability Messaging with our partners, retailers and B2B customers, and our end user retail customers
2. Develop and conduct a Stakeholder Management and Engagement process to inform and support these activities
3. Develop a plan and program for Risk Analysis on the PR side.

Proposal for Implementation

MARKETING, COMMUNICATIONS AND CORPORATE RESPONSIBILITY GOALS

1. Utilize Green Marketing experts to position ABC sustainable products and corporate value commitment with consumers and customers
2. Initiate a stakeholder mapping and engagement process to help guide marketing and to secure advance endorsement for sustainability activities and products.
3. Create a corporate responsibility report including GRI reporting data as available.
4. Integrate corporate philanthropy with sustainability goals



MECHANICS What do we need?





SUMMARY The bottom line



WHY DO THIS? The Rewards for ABC

Increased revenue / Protecting & building market share:

- Consumers are increasingly attracted to “Green” products.
- Possible preferred provider with sustainability committed companies.
- Barrier to entry for our competitors to key customers like Starbucks and Nike.

EXPECT 3% to 5% increase in revenue that can be attributed to marketing sustainable products

Reduced expenses

- Through eco-efficiencies (energy, water), process redesign, waste recapture/reduction, and raw material savings.

EXPECT 7% to 10% savings in manufacturing processes

Reduced risk and easier financing

- Longer term: lower insurance premiums and attractiveness to investors

EXPECT 5% to 7% savings (based on other mid-size companies with sustainability reporting)

Attracting top talent

- Top tier candidates whose values are complementary with sustainability.

EXPECT 3% to 5% savings in recruitment processes

Higher retention of employees

- Employees perceive ABC as a better place to work
- Personal alignment with ABC’s environmental and social commitments.

EXPECT 2% to 5% savings on costs associated with employee turnover (training, etc.)

Higher productivity

- Employees working in a healthier environment
- Employees energized by contributing to worthwhile work and satisfaction of making a difference

EXPECT 2% to 3% gain in productivity

ASSUMPTIONS: These percentages are conservative but based on full implementation of Sustainability Program at ABC.

BOTTOM LINE INCREASE will be 10-15%.

Recommendations/Conclusions from the Sustainability Team

YES! Proceed with implementing the Plan

WHY:

1. It's the **Right Thing** to do for the **environment**
2. Industry category **leaders** are all getting on board with sustainability initiatives
3. There are long term **financial** benefits
4. The **intangibles** are extremely valuable:
 - Employee **loyalty & sense of purpose**
 - Potential **future business partnerships** this business model could foster

NEXT STEPS:

- 1. Strategy & Budget Commitment from Senior Management**
- 2. Present to the Board**
- 3. Select ABC Internal Sustainability Team – Global Director + Each office representatives**
- 4. Introduce Sustainability Plan/Vision/Mission to the Company**
- 5. Send out RFP/RFQ to 3 outside consulting groups and award**
- 6. Schedule Assessment/Benchmarking Workshop(s)**
- 7. Schedule Intro & Training Sessions for each office**

“We have the capacity and ability to create a remarkably different economy, one that can restore ecosystems and protect the environment while bringing forth innovation, prosperity, meaningful work, and true security.”

- Paul Hawken, *The Ecology of Commerce*



“There need be no conflict or compromise between commercial profits and the environmental health and well-being of humanity and other life forms if the design of commerce is aligned with the inherent design of the natural world.”

- Nattress & Altomare, *The Natural Step For Business*

An Evolutionary Corporation