

2009 Business Environmental Awards - Acterra Award for Sustainability
Program Statement from Shaklee Corporation

A. Program Summary

Sustainable development at Shaklee Corporation is everyone's responsibility. Dr. Forrest C. Shaklee had a vision over five decades ago that was driven by his philosophy of *Living in Harmony with Nature*[®]. Shaklee products and environmental stewardship, along with its Social Marketing[™] business model, provide a healthier life for everyone while making the planet healthier along the way.

In 2006, under the leadership of Roger Barnett, Chairman and CEO of Shaklee Corporation, Shaklee launched "We're About a Better World" to communicate why the company is part of a movement to make people and the planet healthier. The communications on *healthy you, healthy home, and healthy planet* explained the integrated benefits of being a Shaklee customer and independent distributor. Incorporated into Shaklee's program is continued support of our pioneering carbon neutral commitment, which started in 2000 with additional commitments made to the U.S. EPA's Climate Leaders Program and the Clinton Global Initiative in 2006. Shaklee also partnered with Dr. Wangari Maathai, the 2004 Nobel Peace Prize Laureate and founder of the Green Belt Movement, to launch our *A Million Trees, A Million Dreams* campaign. Both programs were launched during Shaklee's 50th anniversary conference in 2006. Dr. Maathai thanked Roger Barnett and said, "Your efforts to make your operations carbon neutral and ensure that Shaklee products leave a light footprint on the Earth are pioneering. Your support means a lot to me and the Green Belt Movement." In a separate videotaped message, Deb Berlin from Climate Leaders said, "Among the progressive companies in our program, Shaklee was the first consumer products company to announce a net zero goal. As a Climate Leader, Shaklee is working to reduce their carbon footprint. They're demonstrating in a leadership capacity that real environmental goals can be possible. It's an important time for other companies to think about taking on an aggressive greenhouse gas reduction goal in the same way that Shaklee has."

B. Program Description

1. Leadership

- i. Shaklee Corporation has a 52-year heritage of environmental stewardship and the company philosophy of *Living in Harmony with Nature*[®] has been part of our "DNA" ever since the company was founded in 1956. In addition to efforts to reduce energy use, concentrate product formulas, and reduce packaging, Shaklee follows the Climate Leaders protocol and offsets its greenhouse gas emissions from direct and indirect sources. Shaklee was named a Top 20 Retail Partner by the EPA Green Power Partnership for being a top purchaser of green power in 2008.
- ii. Shaklee has continuously strived to reduce its carbon footprint. In 1999, Shaklee built its world headquarters one block from the Dublin/Pleasanton BART station. The energy efficient project was conceived in 1998 and designed by Gensler, a world-renown architecture firm, with sustainability engineering support from Arup, Critchfield Mechanical, and Rosendin Electrical. Shaklee earned a distinguished **Savings by Design Energy Efficiency Integration Award** in 2001. The American Institute of Architects

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commended this project for its optimization of design for the amount of daylight it allows in and the priority given to the comfort, health, and productivity of its occupants. The American Institute of Architects also gave the project high marks for intelligent site orientation and proximity to public transportation, as well as its use of under-floor air distribution systems and sustainable building materials. Shaklee's world headquarters incorporates many of the energy conservation principles found in LEED certification. The total greenhouse gas emissions for Shaklee U.S. facilities have averaged an annual reduction of 2.5% a year on a small footprint.

2. Significant Environmental Benefits

- i. Shaklee's sustainability initiatives address the reduction and offsetting of greenhouse gas emissions, reduced packaging and eco-friendly packaging, increased recycling, and energy conservation. As the first enterprise in the world to be Climate Neutral™ certified to totally offset its greenhouse gas emissions, Shaklee has been called upon to share its journey and discuss the benefits of being an environmental leader. While not counting trees as carbon offsets, Shaklee supports the planting of trees to sequester CO₂ to help Earth's "lungs" and also prevent desertification and the destruction of ecosystems.
- ii. Shaklee has supported environmental science for decades. An ecology column written by Dr. Forrest C. Shaklee in April 1970 stated, "Air, water, land—our natural resources are all being threatened. People are worried about the numbers of people crowding onto our planet. Pollution, recycling, redistribution and population control are now part of our vocabulary."

Shaklee introduced one of the first nontoxic, biodegradable cleaners in 1960. Since those early days, Shaklee's business has grown and our efforts to educate and lead environmental initiatives have also expanded. Product formulas have been further concentrated to help reduce the shipping weight and landfill waste. A perfect example is the Basic H²® Organic Super Cleaning Concentrate. One 16-ounce bottle of concentrate can be mixed with water to make about 200 bottles of all-purpose cleaner. This approach is good for the wallet and extremely good for the planet.

The Million Trees campaign has directly raised awareness of environmental issues to over one million Shaklee consumers.

Shaklee recycles over 1 million pounds of cardboard each year and prints on paper stock with post-consumer waste content.

3. Potential Model for Business Community

- i. Shaklee's sustainability programs and ways of collaborating with government agencies and NGOs are transferable to other organizations. While some companies may not be ready for 100% carbon neutral commitments, they can commence a new sustainability program or enhance an existing program by following Shaklee's lead and partnering with organizations and consulting firms that can provide guidance to their efforts and credibility to their claims.

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As a charter partner with Climate Leaders and the Business Council on Climate Change, Shaklee has learned more about regulations, reporting, and best practices. In turn, Shaklee has freely shared its processes, challenges and marketable milestones with members of these organizations.

- ii. Shaklee employees have been informed about sustainability initiatives by reading email blasts and attending meetings where they learn what they can do to help have a smaller carbon footprint at work and in their home. All waste materials are sorted and each employee has a paper recycling basket and an all-other waste basket. The kitchen areas use ceramic mugs as opposed to throw-away paper cups. Every conference room has dispensers of filtered water and glasses to eliminate the litter of water bottles and cups. We have done a lot to promote environmental awareness to employees, distributors and vendors, and there are opportunities to do much more.
- iii. The primary environmental concerns addressed by Shaklee's programs include several contributing factors to climate change, such as using resources wisely, reducing the carbon footprint of every person and facility, the need for renewable and sustainable energy sources, the reduction of landfill waste, and the need for green chemistry to help reduce chronic diseases and poisoning from toxic chemicals.
- iv. One of the stated goals by Roger Barnett is the sharing of information with NGO's, nonprofit organizations, and other companies. Idea sharing has transpired through phone calls and website postings, as well as Shaklee's conference presentations and panel discussions at green conferences. The two-way exchange of ideas and best practices has included discussions with sustainability experts at Patagonia, Stonyfield Farm, Interface, Clif Bar, Climate Counts, Clean Air-Cool Planet, Climate Neutral Business Network, Econergy International, Green Mountain Energy, Alcatel-Lucent, Dell, Global Green USA, Rocky Mountain Institute, and many other organizations.

4. Demonstrating Program Commitment

- i. "At Shaklee, we believe that we each have a personal responsibility to do our part to make the world a better and safer place for our children and future generations," stated Roger Barnett, Shaklee Chairman and CEO. Roger is an inspirational leader to Shaklee employees and distributors around the world. Roger always discusses Shaklee's sustainability initiatives and gives a progress report on what has been achieved when he speaks at public events and employee meetings. The Shaklee national conference in 2008 was held in New Orleans so that Shaklee employees and distributors would have opportunities to work with local organizations and help rebuild schools and community centers in the lower ninth ward.
- ii. Tim Smith, Senior Director of Sustainable Development for Shaklee, graduated from the Executive Program in Sustainable Management in November 2008 from the Presidio School of Management. The intensive five-month program helps senior managers take a leadership role in making the

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business case for sustainability. Shaklee senior management supported Tim's enrollment in the Presidio program. Tim is called upon to speak at sustainability conferences and he attends local and national events that provide education on environmental regulations, trends, and idea sharing.

Weekly product development meetings include discussion of environmental challenges and opportunities with Shaklee's cross-functional department managers. Key sustainability initiatives emanate from these meetings and get vetted with senior management.

In California alone, over 11 million tons of packaging materials end up in the disposal waste stream. Shaklee packaging guidelines were updated to incorporate new biodegradable and eco-friendly materials, along with methods for reducing the impact of packaging. Shaklee's continuing efforts to convert to more sustainable packaging materials will reduce greenhouse gas emissions, water usage, solid waste, and pollutants in the air and water.

- iii. Shaklee's *A Million Trees, A Million Dreams* campaign is poised to reach the million tree mark by Earth Day 2009. This milestone will help spark renewed interest by thousands of Shaklee customers to measure their household carbon footprint and plant trees to sequester CO₂. "We're About a Better World" continues to be a major communication platform for 2009. The program is expected to attract entrepreneurs with a conscience to join the movement to make people and the planet healthier.

5. Collaborative Effort

- i. Shaklee has partnered with Dr. Wangari Maathai and her Green Belt Movement since 2005. Shaklee provided funding to the Green Belt Movement to support its educational programs on tree planting, environmental conservation, and capacity building. This support also paid for planting over 700,000 trees in Kenya.
- ii. Shaklee contracted with Esty Environmental Partners to audit the operational aspects of its environmental management and help identify additional ways that Shaklee can reduce its carbon footprint. Dan Esty, co-author of *Green to Gold* and founder of Esty Environmental Partners said, "Fifty years ago, Shaklee's founder defined a new market space around natural, non-polluting products. Today, environmental thinking is embedded in everything Shaklee does, from sourcing biodegradable ingredients to offsetting the greenhouse gas emissions from sales conventions."
- iii. Shaklee's environmental-friendly household cleaning products caught the attention of Oprah and became one of "Oprah's favorite things" for 2007. The discussion of Shaklee's nontoxic and green cleaning products on Oprah's "Going Green" Earth Day show helped to educate consumers about the ways they can reduce greenhouse gas emissions and reduce landfill waste. Sales of Shaklee's Get Clean Starter Kits prevented over 23 million pounds of greenhouse gas emissions and 10 million pounds of landfill waste.

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- iv. Shaklee worked with Dr. Jeffrey Sachs and commenced a partnership with Millennium Promise and the Earth Institute at Columbia University to install sustainable solar-powered lighting in Malawi in support of the United Nations' Millennium Development Goals.
- v. Since 1985, Shaklee has supported Will Steger and his polar expeditions with product and financial support. Steger's many expeditions and educational outreach campaigns have raised awareness on the impact of global warming.
- vi. In 1999 and 2000, Shaklee engaged the services of Climate Neutral Network and Trexler Associates to measure its carbon footprint and work with third parties to identify and implement offset projects. The carbon offset portfolio included Native American owned and operated wind turbines, boiler conversion in the Portland School District, replacing kerosene lamps and diesel generators in Sri Lanka with solar photovoltaics, and converting San Bernardino school buses to biodiesel.
- vii. Shaklee has partnered with Healthy Child Healthy World since 2007 and provided funding and distribution for a video entitled Creating Healthy Environments for Children. The video includes segments with pediatricians and the nation's leading advocates for the environmental health of children, Dr. Phil Landrigan and Dr. Alan Greene.
- viii. Eenergy International audits Shaklee's annual energy use and reports the verified greenhouse gas inventory to Climate Leaders. Shaklee contracted with 3 Degrees, Inc. and Green Mountain Energy to purchase carbon offsets and RECs for its direct and indirect greenhouse gas emissions. The projects have included the Klondike Wind Farm in Oregon, geothermal from Calpine power plants in California, Gray County Wind Farm in Kansas, and methane capture from wastewater treatment plants in the Midwest.
- ix. Shaklee hired Dr. John Warner, the co-founder of green chemistry and Director of the Beyond Benign Foundation, to conduct an all-day workshop for managers and staff from product development, health sciences, package engineering, and marketing. The goal was to demonstrate the methodology for developing nontoxic and biodegradable molecules that can be applied to product formulas and packaging.