

SR INC'S SUSTAINABLE BUSINESS & ENTERPRISE ROUNDTABLE (SBER) 4TH QUARTER NEWS

From the service leader

JAMES BOYLE, PRESIDENT & CEO



Zero Net Emissions Portfolios

SR Inc Member-Client companies include world leaders in establishing and driving towards goals in more sustainable high-performance in real estate and operations. In 2015 most leaders, and even many laggards, are setting or adjusting 2nd generation goals to ensure their real estate and operations efforts are aligned with – or leading – enterprise-wide efforts towards sustainable optimization.

Across sectors and geography, SR Inc is pleased to deepen its assistance to **Sustainable Business & Enterprise Roundtable (SBER)** Member-Client companies to help them set their goals, measure progress and report results internally and externally. It has been our pleasure to help Member-Clients better understand the best management approaches, systems, goals, KPIs and metrics to help them work with more engaged and productive employees to drive greater resource productivity across their real estate, energy, waste, water and materials.

Some are not yet reporting their carbon footprint but others, particularly among SBER companies who are leading global IT companies, are driving towards ambitious public goals intended to make clear they are aligned with their employees and customers' real and growing concern for social and environmental responsibility. Most all Member-Clients now understand the advantages of a **Sustainability Strategy** that is multi-year, milestone-based and CEO-approved, over disparate initiatives, however good those separately funded and scored initiatives are.

John Elkington founded SustainAbility, one of the first consultancies focused on Corporate Sustainability, in 1987. Two years ago, he published his 17th book, **Zeronauts**, which highlights sustainability visionaries like Ray Anderson, the late CEO of Interface, who explored "the power of zero" in setting corporate goals. It recounts how goals like zero deaths in construction or zero defects in manufacturing were deemed as impractical and aspirational – until they were achieved.

Obsessive zero-based optimization planning can, of course, force managers to look inward too much. Thus, embracing the wider frame of corporate sustainability to guide such planning can help companies set priorities and "see" broader opportunities while building a culture that celebrates innovations and partnerships of growing importance in a world increasingly defined by resource constraints.

Keenly aware of the need to drive towards greater corporate sustainability in a changing world, an elite cohort of SR Inc Member-Clients are driving towards 100% renewable energy (i.e. zero net fossil fuels) at least for their data centers. In doing so, they are engaging in one the most fascinating engineering and business challenges of our time, as they take advantage of – and help accelerate – the plummeting cost and increasing efficiency of renewable energy and related partnerships and transactions.

This has brought the prospect of **Net Zero Energy Portfolios** championed by the Rocky Mountain Institute to the attention of CoreNet Global – the trade association for Directors of Corporate Real Estate. Just as GRESB – the **Global Real Estate Sustainability Benchmark** – has heightened interest in portfolio-wide sustainability among large real estate owners. Both developments have helped prompt SR Inc Member-Clients to begin examining **Net Zero Emissions Portfolio-wide**. A goal which elegantly unites Member-client interest in: (a) energy management (b) on- and off-site renewable energy; and, (c) reducing GHG emissions. This is an appropriately ambitious goal for top leaders in 2015, as SBER Member-Clients audaciously and brilliantly raise their sites to drive innovation to enable them to keep leading globally.

IN THIS ISSUE:

- From the service leader
- Best Practices: Q4 Executive Symposium
- New & Highlighted Q4 Member-Clients
- 2014 Outstanding Leadership Awards
- Select Highlighted Executive Guidance
- SBER Premier Thought Leaders

2015 Select Planned SBER Events

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| Feb 12, 2015
11am PT/
2pm ET | Charter Member Meeting
Charter Members discuss and ratify the 2015 <i>SBER Agenda</i> . |
| Mar 26, 2015
12-2pm ET | Q1 Executive Symposium
SBER Member-Clients meet in Boston, MA and virtually. |
| June 11, 2015
12-2pm ET | Q2 Executive Symposium
SBER Member-Clients meet in Washington, D.C and virtually. |
| June 18, 2015
12-2pm PT | SBER Multi-Client Meetup
SR Inc visits with Member-Clients in the Bay Area, CA. |
| Sep 17, 2015
12-2pm ET | Q3 Executive Symposium
SBER Member-Clients meet in New York, NY and virtually. |
| Sep 24, 2015
12-2pm PT | SBER Multi-Client Meetup
SR Inc visits with Member-Clients in the Bay Area, CA. |
| Dec 3, 2015
12-2pm PT | Q4 Executive Symposium
SBER Member-Clients meet in the Bay Area, CA. |
| Dec 17, 2015
12-2pm ET | SBER Multi-Client Meetup
SR Inc visits with Member-Clients in Boston, MA. |

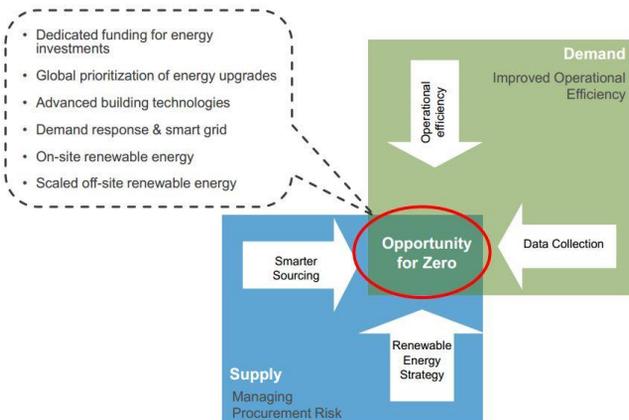
Please contact [Erica Levy](#) if you are interested in attending a Multi-Client meetup, as these are smaller, Client-requested meetings between only a few Member Clients at a time.

Q4 Executive Symposium: *Strategies for Net Zero Portfolios*

SR Inc was pleased to host the Sustainable Business & Enterprise Roundtable (SBER) Q4 2014 Executive Symposium: *Strategies for Net Zero Portfolios* on December 4th in Menlo Park, CA. We want to thank our host, SBER Member-Client **Facebook**, for facilitating our in-person meeting.

The focus of the discussion was SBER Member-Clients' aggregated progress in driving sustainability through corporate operations globally in 2014, as well as forward-looking strategies for net zero emissions portfolio-wide. Below are key takeaways, highlighting general findings drawn from Member-Clients during the preparation for this meeting and discussion:

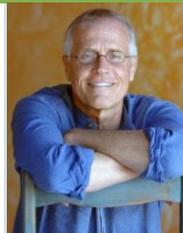
- In 2014, many SBER Member-Clients set **second generation qualitative goals and quantitative targets** to increase resource productivity throughout national and global portfolios through 2020.
- As they re-evaluate goals and targets, most Member-Clients have gained strong internal buy-in for **multi-year sustainability strategies** that help real estate and operation align with and help enterprise-wide value creation.
- **Employee engagement strategies** have gained importance as companies recognize employees as the first audience for corporate sustainability.
- As **renewable energy becomes cost-competitive** with fossil fuels nationally and internationally, developing a strategy for renewables has become necessary for most corporate occupiers and real estate investors.
- ICT companies are setting goals to increase renewable energy procurement, with global leaders committing to procure **100% renewable energy for data centers or to operate as net zero enterprises**.
- Zero-based management planning was used long before it was applied to Corporate Sustainability issues, and much can be learned from that history.
- **Corporate Sustainability is increasingly recognized as bringing Strategy to Quality** as it guides and imbues continuous optimization with a broadly shared purpose that fosters innovations of growing importance.
- Executives are exploring "the power of zero" in goal setting, especially as it relates to **zero-waste targets at some or all facilities**.
- As shown in the diagram below, **Zero unites aggressive Energy Efficiency and Renewable Energy** in a portfolio-wide approach



Global thought leader **Paul Hawken** joined us at Facebook to discuss his exciting new non-profit best practices project [DrawDown](#). Many Member-clients were interested in this optimistic and science-based project and we look forward to following up about it. Read more here.

Materials presented at the Q4 Executive Symposium are available in SR Inc's Member-only Digital Library. If you do not have a username, you may [request an account](#). To download a copy of the presentation, discussion notes and key takeaways on *Strategies for Net Zero*, [click here](#).

Paul Hawken and Project DrawDown



SR Inc was delighted to feature **Paul Hawken** in our 4th Quarter Bay Area symposium. Paul is a global thought leader in sustainable business, and is the author of top relevant books such as [The Ecology of Commerce](#) (voted the best book on sustainable business

by professors at 26 business schools) and co-author of [Natural Capitalism](#), an encyclopedic work Peter Senge of MIT equated to Adam Smith's [The Wealth of Nations](#) in epoch shaping influence. Paul is also Co-Founder of Project Drawdown, which he explained at the Symposium along with Executive Director and Co-Founder **Amanda Ravenhill**.

[Project Drawdown](#) consists of a book, an open-source database, and an interactive digital platform that details the means to achieve drawdown – a year-to-year reduction in the concentration of CO₂ in the atmosphere. The Project is catalyzing a broad coalition of researchers, scientists, graduate students, PhDs, post-docs, policy makers, business leaders, and activists to come together, assemble and present the best available information on the full breadth of substantive climate solutions in order to describe their beneficial financial, environmental, and social impact over the next 30 years. Project members believes the public's willingness to respond to climate change can shift significantly if they understand how they can benefit by adopting these solutions.

Drawdown creates a realistic, optimistic and empowering view of our climate future through 3 paths: **reduce greenhouse gas emissions** into the atmosphere through efficiency and resource productivity; **replace existing energy sources** with low carbon renewable energy; and **bio-sequester carbon dioxide** through innovative farming, grazing, and reforestation practices. Scientists have done an extraordinary job determining the impacts of what will happen if we don't act to mitigate climate change. Now is the time to measure and calculate how we are responding so that we can amplify that response.

SBER Member Executives are invited to join the Drawdown Carbon Council and comment or make suggestions to the book and complimentary products with full credit as contributors. Members gain first access to research findings as well as invitations to convene several times a year in order to further strengthen their ties and complimentary projects and initiatives they are pursuing. Please contact [Amanda Ravenhill](#) for more Information if interested.

Highlighted Q4 2014 Charter Member-Client:

Genentech

A Member of the Roche Group

Considered the founder of the biotechnology industry, **Genentech**, founded over 35 years ago, is a leading biotechnology company that discovers, develops, manufactures and commercializes medicines to treat patients with serious or life-threatening medical conditions. The company, a member of the Roche Group, is headquartered in South San Francisco, California and has over 12,300 employees.

Genentech conducts basic and applied research in the areas of Oncology, Immunology, Metabolism, Neuroscience, and Infectious Disease. The company's pipeline includes both breakthrough innovations and new indications for existing, well-understood products that may fight more than one disease or more than one form of a disease. Genentech has been included on Fortune's "Best Companies to Work For" for 16 consecutive years and the company has a strong corporate commitment to environmental sustainability and to health, safety and wellness. They have implemented a variety of projects that delivered improved energy efficiency, water conservation and waste-to-landfill diversion rates. In addition, in early 2010, a new Genentech Sustainability Council was formed to ensure effective collaboration among its sites, to formulate company-wide goals and programs where appropriate, and to support monitoring and reporting of Genentech-wide progress towards key corporate goals.

New Q4 2014 Premier Thought Leader:



Headquartered in the U.S, **SunEdison** is a global solar energy company that develops, finances, operates and monitors solar energy solutions worldwide, ranging from some of the world's largest solar deployments to residential customers' rooftops. In addition to developing, building, owning, and operating solar power plants, SunEdison also manufactures high purity silicon, monocrystalline silicon ingots, silicon wafers, solar modules, solar energy systems, and solar module racking systems.

SunEdison applies 50 years of scientific research and manufacturing expertise to best serve its customers in polysilicon and silicon wafers, using an extensive portfolio of over 750 patents and a world-class research and development department that is utilized to drive technical innovation in solar PV technology. Its commercial solution removes complexity from the equation by taking responsibility for building, installation, and operation of customers' solar energy assets. SunEdison also manages financing power generation, transmission and distribution facilities. SunEdison operates solar assets that generate and deliver more megawatt hours of electricity than any other solar energy services provider in North America.

SELECT CHARTER MEMBERS OF THE SBER INCLUDE:

AEW Capital Management
Apollo Group
Bentall Kennedy
Bloomberg
Brandywine Realty Trust
Capital One
Cisco
City National Bank
Clarion Partners
Discover Financial Services
Electronic Arts
EMC Corporation
Genentech
Grainger
IBM
Interpublic Group
Intuit
Kaiser Permanente
Lenovo
LinkedIn
McKesson
MetLife
National Grid
National Institutes of Health
NetApp
Nokia Siemens
Oracle
Pearson
PG&E
Putnam Investments
REIT Investment Management
Salesforce.com
SAP
T. Rowe Price
Teradyne
The Tower Companies
Toyota
U.S. GSA
USAA Real Estate Company
Verizon Wireless
WellPoint
Xerox

2014 Outstanding Corporate Leader Award: Bloomberg, L.P.

Bloomberg

SR Inc is pleased to recognize Bloomberg as the **SBER Outstanding Corporate Leader of 2014**, based on its industry leadership and top scoring in SR Inc's 2014 assessment of corporate sustainability strategy and implementation in real estate and operations.

Supporting this decision on a qualitative basis is the comprehensive, aggressive, and effective nature of Bloomberg's sustainability efforts, including Bloomberg's:

- Explicit and visible commitment driven from Chairman's office
- Integration of sustainability information sharing into the company's core business products, helping advance more sustainable industry practices
- Transparency/depth of sustainability reporting beyond SR Inc scoring
- Breadth and depth of employee engagement in virtually all aspects of corporate sustainability
- Leadership commitment sufficient to positively influence renewable energy and quality REC markets
- Dramatic (67%) reductions in waste to landfill (normalized)
- Continued level of financial investment in sustainability projects
- Recognition of the imperative of driving more sustainable operational efficiency through externally published pursuit of 2020 goals to reduce emissions 20% while achieving 20% IRR (and building on 30% reductions from 2007 to-date)

On these grounds, both during and after the annual diagnostic, it was clear that Bloomberg was SR Inc's top leader in 2014.

2014 Outstanding Landlord Award: The Tower Companies



SR Inc recognized The Tower Companies as the **SBER Outstanding Landlord of 2014** for

its exceptional leadership in enterprise-wide sustainability, its top scoring amid landlords in SR Inc's 2014 assessment of management best practices for portfolio-wide sustainable optimization, and its:

- Leveraging of a compact regional footprint to drive to leadership in greater resource productivity in energy, waste, and water
- Efforts as an EPA Green Power Partner to reduce its global environment impact by setting annual reduction goals & completing a corporate-wide & publically available inventory of GHG emissions each year since 2005
- 100% green cleaning requirements and its Real Time Energy Management Program that has realized savings of 15% over 3 years
- Carbon Neutrality by offsetting 100% of GHG emissions through Carbon Credits and Renewable Energy Credits
- LEED Certification of 90% of the Portfolio, 4 out of 14 projects Platinum certified, 15% of employees LEED APs or Green Associates, and completion of the 1st LEED® multi-family apartments in the U.S.
- Recognition as an EPA ENERGY STAR Leader for Certification of 85% of Portfolio and an Average Portfolio Rating of 80
- Client engagement efforts through use of "green teams", unique amenity offerings, and innovative programming
- Systemized approach to more sustainable leasing and Tenant Improvement practices, and a systemized procurement process focused on buying only more sustainable products

Member Executive Comments



Roger van Overbeek,
Director of Corporate RE
at Autodesk, on SR Inc
Management Best Practices
Research & Tools

"SR Inc's content was excellent because it was not just a high level overview, but meaningful enough that I can use it for implementation and refinement. The information I obtained in one day and on the thumb drive was equal to months of consulting provided by one of our vendors, and the SR Inc materials are more meaningful. I cannot say enough good about the content."



Deidre Buzzetto,
Director, International Real
Estate at Lenovo, on
experience with SR Inc

"SR Inc was critical in us bringing forward to our senior executive team how important it is to input sustainability into our overall strategy... Having SR Inc with us pushing us forward and pushing us in the right direction is what we needed. Our sustainability council has gotten the data they need and all the right metrics. Getting the research has been invaluable. We're gaining the knowledge [SR Inc is] getting from others. That shared resource has been really important."



Brad A. Molotsky,
EVP & General Counsel at
Brandywine Realty Trust, on
experience with SR Inc

"SR Inc was one of the early stops we made. The ability to have a third party-neutral kind of 'referee' at all the noise that's out there was very relevant, very meaningful. The ability to connect with people who are sprinting, crawling, and all in between on various aspects is what [SR Inc] is able to bring to the table in a cogent, cohesive fashion. To me nothing is ever worth the price of admission, but that's worth the price of admission."

Highlighted Executive Guidance



Leading companies like Apollo Education Group, SAP, AMD, and Marvell are installing electric vehicle charging stations (EVCS) to attract and retain top talent, anticipate and respond to EV demand among employees, and promote development of more sustainable buildings. As local and national EVCS regulations evolve, stakeholders are aiming for first-mover advantage to create value for both their employees and their brands. The SBER-ELC

Member Briefing: **Electric Vehicle Charging Stations (EVCS)** provides decision support for real estate and operations leaders as they consider EVCS installation for employee use. The briefing provides: information about the rapidly evolving market, policy, and regulatory contexts in the US and internationally; installation guidelines and considerations; guidance on overcoming management challenges; and sample EVCS policies from leading organizations.



The SBER-ELC Member-Briefing: **Materials Management for Workplace Sustainability** builds on existing SR Inc guidance on recycling, waste diversion, and procurement of more sustainable products to support executives seeking to reduce waste and environmental impacts in operations. Companies generally target interventions in the materials value chain in two key lifecycle phases: 1) Product Design &

Procurement, and 2) Waste Management. This briefing provides case studies, key strategies, and recommendations for executives who aim to prioritize specific elements of the value chain and optimize operations via the materials lifecycle.



The SBER-RLC Member Briefing: **International Renewable Energy Markets** is in response to requests from multiple Member-Clients for analysis on policy, market size, growth potential and leading investment strategies for renewable energy in key international markets. The briefing provides executive guidance to support and guide large- and small-scale investments in renewable energy in Australia, Argentina, Brazil, China,

India, Japan and South Africa. Each profile gives an analysis of the market structure and method of renewable energy procurement by private companies, followed by a stepwise process for implementation. Case studies also provide actionable guidance for overcoming barriers to implementation and maximizing success.



The SBER-RLC Member Advisory: **Advanced Off-site Renewable Energy Procurement** provides guidance on four leading types of strategies: direct access agreements, community solar programs, virtual PPAs, and individualized utility agreements. Leading companies struggle to procure renewable energy that meets their corporate goals while working with limited internal time and capital. Although standard procurement strategies

such as REC acquisition and PPAs overcome some of these limitations, they don't always reflect optimal levels of cost, additionality or direct control to meet corporate goals and requirements.

SBER PREMIER THOUGHT LEADERS



AtSite is a privately held company guiding clients and partners from its Washington, DC headquarters. Founded in 1993, AtSite provides innovative building performance management solutions that help organizations maximize the strategic value and performance of their facilities and real estate. AtSite's proven Building Performance Platform, support by a unique understanding of buildings, enables senior leaders and building teams to contain costs, increase visibility and leverage existing investments and resources. During its 20+years in business, AtSite has received numerous awards and recognition for the Firm and its Clients.



Covanta Energy is an internationally recognized owner and operator of Energy-from-Waste (EfW) and renewable energy projects that has provided reliable and sustainable municipal solid waste (MSW) management to communities since 1986. It operates over 40 state-of-the-art facilities that convert everyday trash into clean, renewable energy for communities around the world. Covanta provides sustainable solutions to energy and environmental problems and its corporate culture is increasingly focused on sustainability themes. Through its "Clean World Initiative", Covanta commits to achieving and maintaining an environmental, health and safety performance that ranks among the best in the energy-from-waste industry and to contributing to the communities in which it operates.



SR Inc is pleased to work with **Siemens Industry, Inc. (SII)**, Building Technologies (BT) Division to create original co-branded SBER Executive Guidance. A leading provider of energy and environmental solutions, building controls, electrical distribution equipment, fire safety and security systems solutions, BT's solutions enable America's buildings to be more comfortable, secure and environmentally friendly as well as less costly to operate. With its U.S. headquarters in Buffalo Grove, IL, BT employs 9,000 people and provides a full range of services and solutions from over 100 locations.