



Improving the Bottom Line: Corporate Carbon Reduction Efforts across the Gulf

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Executive Summary

This white paper examines the benefits that Gulf companies gain from implementing strategies to reduce their carbon footprints. Through in-depth interviews and research, we examine the reasons why 10 firms are taking action to reduce their carbon emissions. These benefits can be broken down into five areas: cost-savings, public relations, customer acquisition/retention, employee satisfaction and regulation/compliance. We conclude by showing how companies can get started in realizing these benefits.

Introduction

In our previous white paper, entitled, “The State of Environmental Initiatives among UAE Companies,” released on Earth Day 2009 (please find the report on the following link: <http://www.ecoventures.ae/UAEEnvironmentalInitiativesReport.pdf>), we canvassed the regional market and found that the vast majority of firms surveyed feel they had an obligation not to harm the environment. They also believe that their customers care about their environmental performance and that they have set aside budgets for environmental initiatives. Furthermore, almost all respondents have an environmental committee, as well as, an environmental strategy and are already implementing specific environmental initiatives. This was very refreshing and encouraging news. However, this report did not address what benefits regional companies are enjoying from implementing such initiatives and their motivations for taking action now. That is the impetus behind today’s report. As a follow-up, we have now conducted in-depth research into ten of the regional leaders in this area (see table 1) in order to understand the myriad benefits these organizations are enjoying from their carbon reduction strategies.

Benefit 1: Measurable Cost Savings

The most obvious benefit organizations obtain from reducing their carbon footprint is the reduction of money spent on electricity and water. Many companies in the region have strategies to reduce these expensive line items, such as DLA Piper (law firm), SESAM (management consultancy), and Dubai City Center Hotel. But the surprise lay in the amount of money other organizations have saved through such programs. For example, TECOM, a real innovator in sustainability in the region, saved AED 7.3 million in 2008 alone through various projects, while Jumeirah Group stated in their 2008 corporate sustainability report that the annualized savings of AED 14 million from their water and electricity conservation measures. Similarly, Jebel Ali Resort calculated savings of AED 2.6 million per year due to its ongoing efforts to reduce energy and water usage. Next, Dubai Chamber of Commerce & Industry reports having saved approximately AED 7.1 million through energy and water conservation measures at its head office over a decade.

In Table 1, we have listed all organizations surveyed; describing their most notable actions taken to date along with the organization’s estimate of the annual savings they have accrued from the emissions reduction programs.



Table 1: Notable Initiatives and Reported Annual Savings of Organizations

Organization	Notable Initiatives	Reported Annual Savings (AED)
City Center Hotel	<ul style="list-style-type: none"> Installed water-saving and electricity-saving devices in rooms 	n/a
DLA Piper (Law)	<ul style="list-style-type: none"> Energy-Smart educational campaign Firm-wide recycling facilities Government environmental awareness project, "Engage Dubai" project with Dubai Chamber 	n/a
Dubai Chamber	<ul style="list-style-type: none"> Collect condensed water from air handling units for use in water fountains Use of municipal grey water for landscaping and toilet systems Optimization of chiller operating loads leading to the permanent shut down of 5 of 8 chillers Keep thermostat at 25°C during the day and switching off of lights and air conditioning at night 1st LEED certified Existing Building in Arab World (4th outside of North America) 	710k
Enviromena (Solar Power)	<ul style="list-style-type: none"> Greenhouse Gas Assessment: Calculated carbon footprint Became "carbon neutral:" Purchased offsets to bring footprint to net zero CarbonNeutral sponsor for the Coldplay concert in Abu Dhabi. Enviromena paid for all carbon emissions for the concert to be offset 	n/a
Jebel Ali Resort	<ul style="list-style-type: none"> Launched BioGarden for restaurants' usage CFL lights and reduced lighting across resort Recycles grey water for use in irrigation Put plastic water bottles in all toilet cisterns Billion Tree Campaign Upgraded washing machines: use recycled water 	2.6m
Jumeirah Group	<ul style="list-style-type: none"> Calculated carbon footprint and created real-time CO₂ emissions calculator for each property Installation of power factor stabilization equipment Computerized building management system adjusts temperature if room is occupied Donates used equipment and wares locally 	14m
Philips	<ul style="list-style-type: none"> Creating energy-efficient lighting (CFL and LED) Using renewable energy wherever possible Phasing out incandescent lighting in the EU Sponsoring CFL distribution programs in the developing world 	n/a
Qatar Airways	<ul style="list-style-type: none"> Member of consortiums developing biofuels and natural gas jet fuel Flew first natural gas flight Launching opt-in carbon offset program on website 	n/a
Sesam (Conferences)	<ul style="list-style-type: none"> Green Mosque initiative: low-flow ablution taps 	n/a



	<ul style="list-style-type: none"> • Made all conference in 2009 CarbonNeutral 	
TECOM	<ul style="list-style-type: none"> • 45 LEED Certification projects for old and new buildings, Platinum certification for interior of HQ • Sustainable procurement policy • No irrigation on cloudy days • Piloting waterless urinals and occupancy sensors 	7.3m

Benefit 2: Increased Visibility and Brand Awareness


The most widely cited benefit that organizations enjoy from conducting environmentally friendly activities, including emissions reduction, is increased and improved visibility and brand awareness. This used to be the main motivator for many companies. However, abuse and disingenuousness regarding a firm's environmental activities, called "greenwashing," has resulted in organizations today taking a much more careful approach to PR relating to environmental activities; today companies will only publicize their "real" efforts to help the environment. That said, the participants in our survey felt that most of their initiatives did result in positive PR and they were happy to list the multifarious boosts in public relations that they have received for their environmental efforts, predominantly through increased press coverage and winning awards.

Participants in our survey mentioned many instances where their emission reduction initiatives helped them attain press coverage. Enviromena Power Systems was one of the first companies in the UAE to become CarbonNeutral¹. Once Enviromena completed this process, the company issued a press release that generated a significant amount of coverage in the local media. "Our CarbonNeutral certification has become a key feature of our communications and messaging strategy, particularly given that it is so closely aligned with our fundamental corporate philosophies," said Sam Khoreibi, CEO of Enviromena.

DLA Piper (law firm), received press coverage for their "Reduce, Reuse, Recycle" campaign in early 2008 because they were one of the first companies to do so. Similarly, Sesam was one of the first conference organizers to make their conferences CarbonNeutral. This garnered them several mentions in the press and multiple appearances on the Green Team radio show on Dubai Eye 103.8 radio station. Further, Dubai Chamber of Commerce & Industry continues to receive significant media coverage across the region and internationally after it retrofit its headquarters building which became the first LEED-certified Existing Building in the Arab world and the fourth outside of North America to achieve this coveted standard.

Another strategy firms have used to generate value is to leverage their emissions reduction actions to differentiate themselves from their competitors and establish a novel brand positioning. For example, Enviromena became the carbon offset partner for the Coldplay concert in Abu Dhabi, sponsoring the concert to ensure it became a CarbonNeutral event in March 2009. This brought a considerable amount of press

¹ This is the process by which a firm has its carbon footprint calculated and then creates a plan to reduce emissions as much as they can internally, and then purchases carbon offsets, which fund the reduction of emissions in projects in other parts of the world, for the rest of the emissions, bringing the company's net emissions down to zero.



coverage both internationally and locally and helped focus attention on Enviromena. Furthermore, in 2008 Jebel Ali Resort launched a BioGarden in which they grow the majority of the herbs and vegetables used in their restaurants'. This is unusual as it is one of the only ones like it in the region. They were featured in Hotelier Magazine, Gulf Gourmet Magazine, and they were featured on a popular Dubai cooking show called Maa Osama Atyab, in which the TV chef went through recipes using BioGarden ingredients with the resort's chef.


Finally, behaving like a leader or innovator is another way that organizations made headlines. This concept has been demonstrated by Qatar Airways (QR) over the past few years. On top of having one of the most fuel-efficient fleets in operation, QR made headlines last May for being the only Middle East carrier to join the Aviation Global Deal Group, an industry-wide body aimed at helping develop a global policy for tackling aviation emissions (explained in-depth in Section 5). Then, last July, the carrier was elected to be a member of the International Air Transport Association's Environment Committee. Qatar Airways has also joined a consortium to create a hybrid biofuel alternative to standard jet fuel, which has attracted much press coverage.

Our focus companies listed two other ways their green initiatives win them press attention: awards and speaking engagements. Winning green awards is a great way to receive press attention that is third-party validated. Many of our focus companies received awards, such as DLA Piper, which received the Middle East Sustainability Award in Facilities Management and TECOM, which won the Best Company Award in both 2007 and 2008 at the Alternative Energy Award ceremony organized by Future Fuels magazine. Aside from LEED certification, Dubai Chamber has received numerous environmental awards as well, such as Trakhees Green Building Award. These awards show customers and suppliers that these firms are making contributions towards the fight for the environmental responsibility beyond their own self-promotion.

Another way firms are raising their public profile is through speaking engagements. Once a company is seen as an innovator in the environmental field, they are highly sought after for sharing their experience. For example, representatives from TECOM, whose Sustainable Energy and Environment Division is responsible for generating millions of dirhams of cost savings from energy and water conservation, has been invited to speak at conferences spanning three continents. Similarly, DLA Piper has been asked to speak domestically and abroad about their CSR work, and Dubai Chamber is regularly asked to share their green building lessons with various local and international organisations. These firms feel that speaking opportunities position them as leaders in their respective fields and raises their organizations' profile.

Benefit 3: Improved Customer Acquisition and Retention

Many firms in our survey found that they retained or acquired more customers due to their emission reduction programs, For example, Philips has found that by producing energy-efficient products, such as Compact Fluorescent Light bulbs (CFL) and Light-Emitting Diode (LED) lighting, they have steadily increased the sales of green products as a percentage of total sales from 3% in 2004 to 25% in 2008. "Developing CFL lamps has certainly helped us to open new market spaces," said Peter DeBenedictis, Area Marketing Officer, Philips Middle East.



Next, Qatar Airways plans to launch a carbon offset program on their website that will allow customers to offset all of the carbon generated by their flight, if they so choose. And Jebel Ali Resort participated in the One Billion Tree campaign by holding a Tree Planting Day at the resort in which guests could plant a tree in the resort and put their name on it. They found in the subsequent year that many guests had returned to the resort to visit their tree.


Finally, conference organizer, Sesam, found that their practice of making their conferences CarbonNeutral “has certainly served us to distinguish ourselves from the competition and place us as an ethical and serious player in the market, which companies like to be associated with. We believe that this will strengthen our market position in the mid- and long-term basis,” said Philipp von Zitzewitz, Senior Consultant at Sesam.

As customers become more environmentally aware, studies worldwide are showing that they are starting to consider environmental performance in their selection of suppliers. Companies that embrace this insight are working to engage customers in environmental initiatives so that their brand will be linked with this type of environmental responsibility in the mind of the customer. In our region, many companies are actively engaging the customer in this way. For example, Jumeirah now allows members of its customer loyalty program, Sirius, to redeem their points for carbon offsets and it also invites hotel guests to visit its in-house sea turtle rehabilitation park.

Similarly, Jebel Ali Resort asks all customers if they would like to donate AED 5 on their bill to the World Wildlife Fund, which 95% of customers agree to do. They also hold regular “Taste and Touch” sessions in their BioGarden which helps bring home the message of buying produce locally. Customers who visit the BioGarden leave encouraging messages in the guest book and Kathy Marshall, Quality Manager at the resort feels that their carbon reduction efforts like the BioGarden help increase bookings from repeat customers. “In their decision-making, it definitely is part of it,” she said. Finally, DLA Piper is engaging with potential government clients through an initiative with the Dubai Chamber of Commerce to help government entities be more environmentally aware. This initiative is known as “Engage Dubai.” These companies have found that engaging customers in environmental initiatives leaves an impression that will last beyond the next purchase decision.

Benefit 4: Increased Employee Satisfaction, Productivity and Talent Retention

Organizations throughout the region have noticed that as they implemented their carbon reduction and environmental programs, their employee satisfaction levels increased as a byproduct. This is because employees enjoy working for a company that they feel takes responsibility for its impact on the environment. Many companies hold events that allow employees to come together during their free time and help clean up the surrounding area. Often, these firms are surprised when turnout is larger than expected: Jebel Ali Resort recently had 80 employees turn out for its beach clean-up.



Many companies increase employee satisfaction by educating their staff members on climate change and how they can make a difference. TECOM employees are asked to calculate their own carbon footprint and identify actions they personally could take to reduce their environmental impact. “By helping TECOM employees understand the personal benefits of sustainability, the awareness program helps incorporate sustainable thinking into the daily lives of our staff,” they wrote in their sustainability report. Further, since TECOM has so many carbon-reduction programs happening across their business parks, this effort also enhances buy-in among their employees. Emission reduction efforts also help organizations retain talent. The BioGarden at Jebel Ali Resort is tended completely by employees in their free time. According to Quality Manager Kathy Marshall, the garden is loved by the resort’s employees, who often come back from vacation with seeds to plant in the garden. “[Our Environmental program] definitely helps us retain staff,” Kathy said. “They appreciate what we’re doing here.”


Furthermore, some firms found an increase in productivity due to their environmental programs. TECOM is one of the most advanced firms in the region in the area of Green Building and therefore, has a particular focus on improving indoor air quality. As the number of green buildings grew, the firm noticed a decrease in sick days and therefore an increase in productivity. As the firm stated in its 2008 Sustainability Report, ‘Indoor air quality is a profit driver for TECOM—financial, environmental and social.’

Benefit 5: Shaping and Complying with Carbon Regulation

Many leading experts believe that the best chance the earth has to avert global climate change is through government regulation, and indeed, this has begun already in certain places around the globe. Although the Middle East as a region is not yet active in creating such legislation, companies in our region are taking action to shape regulation elsewhere in the world. For example, Philips, is one of the largest manufacturers of lighting worldwide. It actively began to lobby European governments, and the EU, which eventually banned traditional incandescent light bulbs. Philips will now phase out the sale of incandescent bulbs across Europe, in accordance with EU regulations.

Another example of a firm taking an active role in shaping environmental policy comes from Qatar Airways. The carrier is facing a slew of disconnected emissions legislations coming from Europe, Japan, New Zealand and Australia. Each of these locations needs to be complied with and have separate reporting requirements, which will greatly increase the reporting costs for all major carriers, including QR. Qatar Airways felt that a single unified worldwide scheme would be more appropriate because it would be less wasteful and would also penalize all global carriers equally, rather than penalizing those flying to the legislated regions more. QR took action by joining the Aviation Global Deal Group, a policy group which aims to push for a global aviation scheme, not a piecemeal solution. The carrier is now receiving accolades as an industry leader who is working to develop a fairer scheme for all.

Philips responded to carbon reduction legislation passed by the United Nations through the Kyoto Protocol. The Clean Development Mechanism (CDM), a key part of the Kyoto Protocol, is a program whereby projects in the developing world reduce



carbon emissions to generate credits that are purchased by emitters in the developed world to offset emissions. Accordingly, Philips has participated in a CDM project in Mexico, in which energy-efficient CFLs are distributed for free to citizens who normally cannot afford them. The CFLs use a fraction of the normal energy consumption and have close to a ten-year life, which results in reduced energy bills for participants and less carbon released into the atmosphere. Further, this allows Philips to expose a population to their products that would normally not have the means to consider them, potentially attracting new customers.

As the issue of climate change moves higher on the public policy agenda, government regulation to reduce carbon emissions will increase globally. This means that firms will be obliged to comply with large amounts of legislation, which will undoubtedly be very expensive. When a firm is facing carbon emissions legislation, it is in their best interest to reduce the size of their carbon footprint so as to reduce their potential liability. According to some industry estimates, one tonne of fuel produces three tonnes of CO₂. And an airline subject to the European Union Emissions Trading Scheme must pay approximately Euros 16 for each tonne of CO₂ produced, which amounts to a huge future liability. Therefore, reducing its carbon footprint is imperative. Companies around the globe that face carbon legislation are now calculating their carbon footprints and trying to find ways to reduce them, so as to minimize future payments. As stated by Qatar Airways Chief Executive Officer Akbar Al Baker recently, “Qatar Airways already has one of the lowest carbon footprints in the industry due to its investment of billions of US dollars in a state-of-the art aircraft fleet. By entering into the production and supply of bio jet fuels, we will be able to get closer and closer to the “much talked about” carbon neutral growth.”

How to Get Started

Surveyed firms have described the rough process that organizations can take to start realizing the benefits conferred by reducing the organization’s carbon footprint:

1. Make a commitment to reduce and offset your carbon footprint


The **first step** is to make a commitment to carbon reduction and offsetting as a company. This means that a high-level decision needs to be taken to embark upon a range of initiatives that will aim at reduction and carbon neutrality. It is highly unlikely that any initiative taken without the backing of the organization’s senior management will truly succeed.

2. Formulate your climate change policy

The **second step** is to formulate a climate change policy: to enshrine your organization’s principles in a clear statement of intent and to map out the organization’s goals in a structured and achievable way. Consider making the initiative staff-led or at least staff-participative, as true organizational change is easier when it is collaborative.

3. Understand your impact: Carbon footprint assessment

The **third step** is to conduct a full greenhouse gas emissions assessment: to identify in which ways and to what extent the organization is creating greenhouse gases or



causing those gases to be created – there are both direct and indirect impacts to be evaluated.

This assessment will outline concrete steps that can be taken to reduce emissions and will give a range of required actions to maximize the reduction. Then, by using offsetting, the organization can neutralize its unavoidable carbon impact.

4. Develop and implement a carbon reduction plan

Companies and organizations, based on the results of their carbon footprint assessment, must develop and implement action plans to reduce their carbon emissions. Organizations should initially focus on those activities which contribute the most to their overall carbon footprint.

Looking to the Future

Despite great strides taken by the surveyed companies to reduce their carbon footprints and financial liabilities, these firms have greater aspirations for the future. Jumeirah will be developing a more robust carbon footprint measurement system and it will also roll out a complete Environmental Management System. Jebel Ali Resort will also be launching a few initiatives this year, including requiring their suppliers to start reducing their carbon footprint. “Continual improvement is very important,” said Quality Manager Kathy Marshall.

Dubai Chamber will continue to address its own carbon footprint by completing the upgrade of its facilities in line with international green building standards, pioneering the use of water or energy- saving technologies, and sharing its learnings with the broader community. It will also continue its support of local and international efforts to address climate change, including publicly promoting the Seal the Deal and Earth Hour campaigns.

For all of these firms, the benefits of reducing their carbon footprint are patently clear. They have helped these firms save money, raise their public profile, gain and retain customers, retain staff and shape and comply with government regulation. As this region becomes more aware of the realities of global climate change, these firms will be the best positioned to take the lead in the new challenges confronting governments, consumers and citizens.



EcoVentures Company Profile

EcoVentures is the Middle East's premier emissions reduction firm. Based in the United Arab Emirates, we help companies across the Middle East and North Africa reduce their environmental impact by becoming Carbon Neutral, offsetting their emissions, and replacing their use of fossil fuels. EcoVentures delivers sound consultancy, advisory and management services to public and private sector organizations in the Middle East and North Africa region, using global best practices and meeting internationally recognised standards. We specialize in the following areas:

Emissions Reduction Advisory
Alternative Fuels

Carbon Finance
Green Building Advisory

Our clients include Jumeirah Group, Dubai Holding, Emirates Foundation, The World Future Energy Summit, Enviromena Power Systems and events such as The Big 5 Exhibition and the Coldplay Viva La Vida Abu Dhabi concert.

As a for-profit business, we generate commercial benefits and enhance brand value by reducing our clients' environmental impact. We help answer for our clients the following questions:

- Do you know what your impact on the environment is and how to measure and manage it for top-line, bottom-line, brand and corporate reputation benefits?
- Do you understand how changes in environmental regulation will affect your costs and operating margins?
- Do your business processes integrate environmental risk into core strategies?
- Would you know how to react if you were held responsible for the environmental impact associated with the use of your products or services by your customer?
- Do you have the strategies to share the inevitable costs of environmental change with your supply chain partners and customers?
- Do you know how to derive commercial and brand value from following business processes that reduce your environmental impact?

EcoVentures partners with leading global environmental consultancies, service providers and agencies to bring together strong, innovative solutions that are adapted to meet the needs of local markets while still maintaining compliance with global certification and audit standards. We are a Middle East partner of The CarbonNeutral Company, the worldwide pioneer in the provision of carbon management services, and the Edinburgh Centre for Carbon Management ("ECCM"), which offers a depth of experience in emissions assessment, carbon sequestration and carbon management systems as well as the strategic and policy expertise on climate change.



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The EcoVentures Team

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Shezan is the Founder and Managing Director of EcoVentures and is responsible for spearheading the establishment and growth of the business.

Prior to forming EcoVentures, Shezan started and ran 7Days newspaper in Dubai, of which he sold a majority stake to The Daily Mail newspaper in London. Previously, Shezan was also an investment banker at Goldman Sachs in New York and Standard Chartered in Singapore. Shezan has an MA (Oxon) from the University of Oxford and has an MBA from the Wharton School of Business, at the University of Pennsylvania.

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Armen Vartanian

Armen Vartanian, Director at EcoVentures, has been involved in venture capital and entrepreneurship his entire career. Prior to joining EcoVentures, Armen was a Vice President with Manara Capital, a Beirut-based investment company investing in public and private companies, including venture capital investments.

His experience with venture capital began at an early-stage fund at Cornell University, and continued at the Asia West Funds, a series of funds investing in US and European industrial and environmental technologies. Furthermore, Armen has founded and worked for several technology companies, including Office.com, Service-Planet.com, and SideTalk. He has a B.S. in civil engineering from the Massachusetts Institute of Technology (MIT) and an MBA from the Johnson School at Cornell University.

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Jamie Phares

Jamie Phares is responsible for the sales and marketing strategies for EcoVentures. Jamie brings with her five years of marketing experience with Johnson & Johnson Medical in Dubai and General Mills in Minnesota, where she marketed brands such as Cheerios Cereal. Jamie also has experience in economic consulting and at an internet start-up called Away.com from 1999 to 2002.

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