

“I believe that true sustainability depends fundamentally upon us shifting our perception and widening our focus, so that we understand, again, that we have a sacred duty of stewardship of the natural order of things.”

—*Prince Charles*



**neill**  
a family of businesses<sup>SM</sup>

# Sustainability Report



**2008-09**

Prepared by Sustainable Solutions



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# neill

a family of businesses<sup>SM</sup>

As we build a business that serves each supply chain member and its future (the true essence of sustainability), we recognize the importance of sharing this message internally and externally. Our Sustainability Report is a platform to report on our achievements, target new goals and develop transparent metrics. This is our strategy and map. The path to sustainability is our journey.

*Sustainability is our path, not our destination.*

## Welcome from CEO & Chairman:

At Neill we have long considered our business as a catalyst with a bigger purpose... a conscious business with an awareness and commitment to social and environmental responsibility.

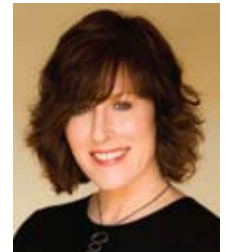
We are committed to help our customers, our employees and our industry reach their full potential. This includes a responsibility, even an obligation, to remain mindful of the impact that our business is having on people and our planet. We are in the business of beauty—and a true definition of beauty involves connecting the art with the business, while also helping to improve the planet upon which we all live.

Whether setting up initiatives in remote, severely polluted regions of China or initiating a recycling program at our Hammond headquarters, the questions that we ask ourselves are always: What can we do? What should we do? What are we willing to do to be a conscious business—one that is part of the solution rather than the problem?

We realize that our collective will has the potential power to have a positive impact on the world...one salon and spa at a time...one person at a time. So we are proud to bring you this, Neill Corporation's first official report of sustainability initiatives and achievements. This report details our efforts to continue the work that we do while ensuring that we also have a positive impact on the world around us.



Edwin Neill III  
CEO



Debra Neill Baker  
Chairman

“Neill Corp.’s success reflects their outstanding and caring service for their salon network... Edwin II once told me that Aveda’s environmental mission resonated with him, because people were the center of the environment. This was a profound reminder that environmental and social responsibilities work best hand in hand. Edwin Neill’s thinking lives on in the heart of everyone at Neill Corp.”

—Dominique Conseil, President of Aveda

## Who We Are

We are living in a unique moment in time. Due to the hard work, passion and activism of visionaries, scientists and leaders, people around the world are learning of how we impact one another. Neill Corporation strives to create a positive impact.

Neill Corporation has maintained a successful company for three generations. The founding philosophies of Edwin Neill II are as profound today as they were nearly 30 years ago when he was quoted saying, “We have positioned ourselves in the forefront of the beauty industry by becoming a new breed of distributors.”

The strong leadership today at Neill draws on this inspiration from Edwin Neill II. The role of the distributor is dynamic and the ability to bring vision and innovation is what has always set Neill Corporation apart from others. It has always been part of the Neill corporate identity, within the core of the mission, to support concurrent business development and personal development, and inspire evolution.

The beauty industry is the ideal place to reinvent sustainability, and Neill Corporation has had the opportunity to emerge as an inspiration to the movement by being a distributor of supplies and services needed to support the movement.

The company’s strong leadership continues to create innovative and global successful business strategies for the beauty industry. Neill Corporation proudly announced in 2009 that Edwin Neill III assumed the role of CEO while Debra Neill Baker became Chairman. Their complementary skill sets are a key to the success of the company.

As the oldest Aveda distributor, Neill Corporation has a unique opportunity to touch thousands of people around the world every day. The Neill family of businesses supports 5,000 customers in 55 countries around the globe. In addition to Aveda distribution, Neill Corporation operates a successful natural furniture purveyor in Etopa®, 11 Aveda Institutes (the teaching arm of Neill Corporation), 13 Paris Parker® Aveda Salons and Spas, and Neill Technologies™ (including the software products SalonBiz® and SpaBiz®). Neill Corporation earned \$102 million in revenues in the 2009 fiscal year.

As a responsible business, Neill Corporation is responding to the international call of action. It is now time to once again look forward to the future and create the next generation of Neill Corporation distribution, embracing a genuine sustainability vision. Neill Corporation firmly asserts that it is possible to make the world a more beautiful place. From styling clients to supporting victims of Hurricane Katrina, local to global, Neill Corporation is facing issues together with our communities.

“Actively engaged in the many relationships that comprise our family of businesses, we recognize the power of positive impact. It is the consistent ability to be a visionary that separates Neill Corporation from others.”

—Edwin Neill III



We all make an impact on the Earth:  
at Neill Corporation, we choose to make  
ours positive.

To promote wealth, health and abundance throughout  
supply chains— we believe that our business can truly make  
the world a better place.

**Vision of Sustainability:**

We believe it is possible for industry to generate purified air, water and soil.

We visualize a system that retains valuable resources and productive use of  
these resources.

We are capable of designing a system that creates abundance, culturally  
and biologically.



## Health and Wellness

To be a successful leader in the beauty industry, Neill Corporation had to start from within. The Neill family of businesses is truly a family, employing 785 people. At the headquarters in Hammond, La., great advantage is taken of the local environment with an outdoor, covered conference room and large windows that allow natural light to stream in.

One of the many ways to ensure health and wellness for the family of businesses is to offer programs that encourage and support health. All full-time employees are offered a health insurance package that includes preventative maintenance provisions (currently 523 of 567 full-time employees are participating). Neill Corporation has made an extra effort to not only provide high-quality insurance options, but to educate employees with Wellness Fairs as well as the creation of 'Total Compensation Statements,' which clearly articulate the value of compensation versus benefit costs. Out of the 400 employer-sponsored companies working with the current insurance broker, it was reported that Neill Corporation had the best claims experience this past plan year (2008-09). In an economy where most companies are experiencing double-digit increases in health premiums, Neill Corporation has been able to maintain costs for employees for several years.

This year, Neill Corporation further expanded support by significantly increasing the \$350 annual cap to encourage employees to take advantage of all available preventative and holistic health options. There are additional available services including alternative care such as herbal medicine, acupuncture and massage therapy. Employees have also been invited to join smoking cessation therapy if needed.

Neill Corporation continued its Wellness & Fitness Program Partnership with Spoga Studio in Hammond, La. This partnership offers employees discounted introductory rates on membership and a full schedule of a variety of exercise classes, as well as personal training and participation in workshops such as the Amazing Power of Food Program. All of these efforts are intended to support balanced exercise programs.

To maintain support of young families, the Maternity Benefit was increased from four weeks' maximum leave to eight weeks' maximum leave for all Corporate and Salon employees. In addition, Neill Corporation continues to empower mothers with the Babies in the Workplace Initiative. This policy allows young mothers to bring their babies to work with them for the first three months, enabling breast feeding and bonding for babies while mothers transition back to work. An added benefit to this initiative is the laughter and delight in the offices from sharing the joy of life. After the transition, employees can utilize the local day care, located next to the office.

In addition to physical health, Neill Corporation is invested in employee financial health. During the current economic challenges, Neill Corporation has continued to offer 401(K) plans for employees. Specific, focused employee education on retirement planning was organized to help articulate benefits of participation.

There is a strong relationship between employee benefits, loyalty and retention. The positive working environment has resulted in employee loyalty. In 2009, 34 employees celebrated five years of employment, eight people celebrated ten years, four people celebrated 15 years and four people celebrated 20 years.

Due to Utilized Risk Management Practices, 2008-09 saw zero employment practice claims, the 11th year in a row to be without any claims.



## Corporate Giving

Neill Corporation is committed to not only caring for its employees, but also sharing within the community, locally and globally. Business is not just about looking beautiful, it's about living beautifully. In 2008-09, Neill Corporation donated more than \$125,000 to both local and global efforts.

Throughout the year, employees are kept abreast of a variety of ways to give back to the local community through regular internal corporate communications. In 2008, Neill Corporation donated significantly to a local shelter, Southeast Spouse Abuse Program. This program provides a safe haven as well as counseling for women and children who are in immediate danger from domestic violence. Exact safe haven locations are not known to the general public, so discreet arrangements were made to deliver product and support to these establishments.

Neill Corporation employees do not necessarily need an organized effort to express the spirit of giving. For example in 2008, the Hammond Paris Parker® salon decided to go the extra mile to make someone special feel cared for by sending product to a customer who was stationed in Iraq:

### **Excerpt from an Email:**

*Edwin I hope this email finds you well. My name is Joe Thomas. I have been a client of your Hammond salon since 1999. I utilize your services 2 to 4 times a month. My stylist is Laura Gill and I am in complete satisfaction with her services along with all of the employees you have on staff in Hammond.*

*The reason I am writing this email is to tell you how amazing your Paris Parker® staff is, as if you didn't already know. I am currently serving in Iraq on a 12-month tour. I receive emails from Laura and staff on occasion. Recently I received a package in the mail to my surprise from the salon. When I opened it there was a card signed by everyone in the salon as well as some products that I use when I am home. I had the best feeling in the world when I realized what I had received.*

*Your staff needs to be commended for all they have done and continue to do for their clients. I could never express my gratitude for the products and card they sent me. Their actions are a true reflection of yours and your family's name.*

*We are in harsh conditions here in Iraq and when I take care of my body it feels awesome to know I have Aveda products at my disposal. Thanks for everything again that you and your salon have done for me. I will never forget Paris Parker and the Neill family's actions during my time in Iraq.*

— MSG Shelby Joe Thomas Jr, Camp Taji, Iraq

“Whatever you do can become effective... identify any issues that mean something to you, that move you and try to apply your talent to those issues. Find the channels to make the connections...”

— James Nachtwey  
photojournalist and 2007 winner of TED Prize



## American Heart Association, Go Red™ For Women:

In 2008, Paris Parker® Salons and Spas became an official sponsor of the American Heart Association's "Go Red For Women" campaign. The campaign utilized the connection to the beauty and wellness industry to educate customers, primarily women, about the dangers of heart disease and how to prevent it. There were a number of events including two Go Red For Women fundraising luncheons, where Paris Parker® service providers styled hair and applied makeup for fashion show models, all of whom were affected in some way by heart disease. In addition, literature was distributed throughout the salons, products and samples were supplied at events, and educational sessions were given on the topics of healthy eating and de-stressing.

Debra Neill Baker made appearances on both Fox News and Cox Communications® channels to celebrate and raise awareness of Paris Parker®'s sponsorship of the American Heart Association's Go Red For Women movement. While at the official Go Red For Women Luncheon, which took place at the Hilton in New Orleans, Debra was interviewed again by other local media outlets.

## Salon and Spa Relief Fund

Neill Corporation continues to support the Salon and Spa Relief Fund which was established after Hurricane Katrina to assist those in the salon and spa industry.

## Earth Month

Several times throughout the year, the employees of Neill Corporation participate in large-scale events. Earth Month (April) has been celebrated globally by Aveda for more than 10 years, and Neill Corporation has always been at the forefront of these celebrations. Each year, Neill Corporation kicks off the Earth Month season by hosting internal, consciousness-raising events and fundraising, as well as supporting the entire network of salons and spas. There is a palpable stir of excitement in the air as spring comes near and leaders prepare for another season of Earth Month.

In 2009, Neill Corporation joined the Aveda network in a global challenge to walk four miles for clean water. The length of the walk is to honor women in developing countries who walk an average of four miles a day to collect water. Neill Corporation organized walks in several cities (Hammond, New Orleans, Houston, San Antonio, Dallas/Ft. Worth, Nashville, Atlanta, Birmingham, Columbia, Charlotte, Fayetteville and Tulsa), joining in solidarity to acknowledge the injustice and raise money for international and local efforts to provide clean water to all people.

In addition to the walk, fundraising efforts were organized in spas and salons through the sale of candles, cut-a-thons, raffles and other in-salon activities. In 2009, funds raised (more than \$300,000) will be directed to organizations that support clean water such as the Gulf Restoration Network. The Gulf Restoration Network (GRN) is a network of environmental, social justice, and citizens' groups and individuals committed to restoring the Gulf of Mexico to an ecologically and biologically sustainable condition.



## Green-Conscious Building

As Neill Corporation continues to strive to find ways to contribute to society, it has become necessary to build an internal understanding of global environmental and social issues. Each day, newspapers throughout the world publish evidence of the changing climate and its impact on environmental security and human health and development. Caring for our community means we must care for our global community.

Addressing global issues is challenging and can be overwhelming. Within the past year, Neill Corporation has begun to address the challenges by taking the most important step of evaluating our current role, before taking action. The more we understand, the better we can determine where we need to go.

### The Basics:

Within the Earth's lower atmosphere there are greenhouse gases. These gases absorb infrared radiation from the sun, a process known as the 'greenhouse effect.' The greenhouse effect creates a stable and mild temperature on earth and in the atmosphere.

Human-induced emissions from industry, transportation and agriculture increase the amount of greenhouse gases (particularly carbon dioxide) in the lower atmosphere.

Carbon sequestration occurs where there is a natural carbon sink that absorbs some of the greenhouse gases from the atmosphere. Human activities to perpetuate industry, agriculture and transportation often require the clearing of land and deforestation. Without the forests, there is a significant reduction in the Earth's capacity to naturally sink greenhouse gases.

Global warming is a result of increased greenhouse gases and increased concentration of these gases in the atmosphere, raising the Earth's temperature.

Global warming results in climate change.

Climate change prompts many other changes such as soil erosion, flooding, increase in infectious disease, reduction of plant and animal species and reduction of fresh water.

It is internationally acknowledged that these effects of climate change fall disproportionately on the world's most vulnerable communities, which include indigenous people.

In addition to limiting the availability of natural resources that impact livelihoods, there is an increase in the threat of disease. With physical and economic challenges, there is an impact on cultural and spiritual traditions.

## Time for Change

The U.S. emits the equivalent of about 118 pounds of carbon dioxide per resident every day, a figure that includes emissions from industry. **“Unless fundamental shifts are underway by 2012, the feedback loops driving climate change would take on an irrevocable life of their own.”**

– Rajendra Pachauri,  
Head of the Intergovernmental Panel on  
Climate Change  
and 2007 Nobel Peace Prize winner

2012 is not far off in the future, 2012 is this administration, 2012 is this current leadership.

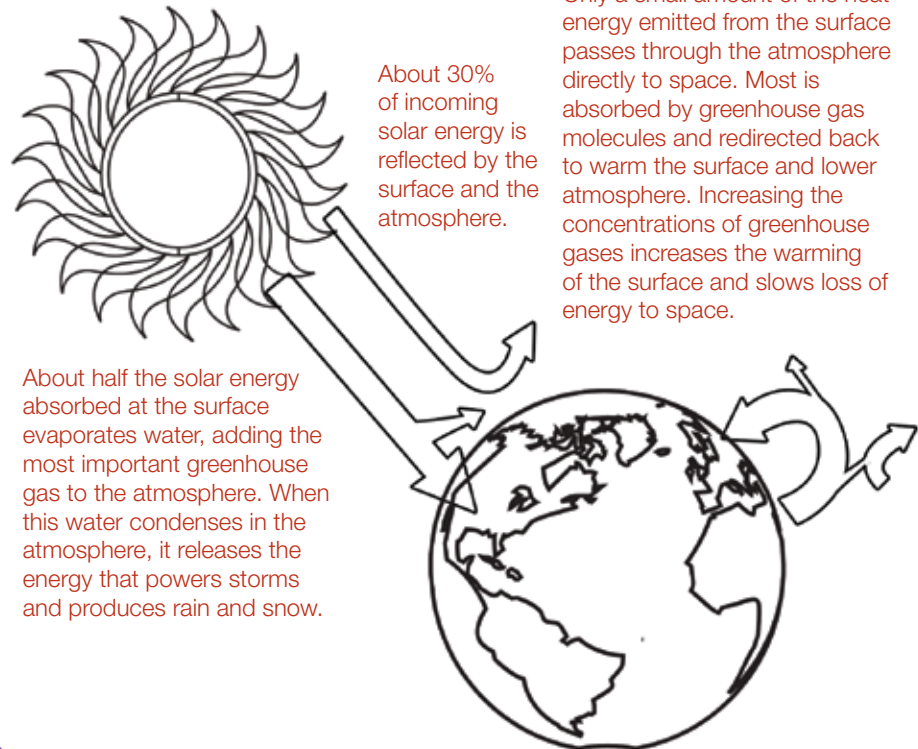
2012 is us; we are the ones who have to make choices that make change.

Our leaders are encouraging change and even planning policy that will require these changes. This year, **President Barack Obama made a call for action**, saying “I ask this Congress to send me legislation that places a market-based cap on carbon pollution and drives the production of more renewable energy in America.” (Address to Congress, Feb. 24, 2009)

*During a recent speech from U.N. Secretary Ban Ki-Moon at the World Business Summit on Climate Change:*

*“Climate change is the defining challenge of our time. I also believe it is the most potent game-changer for business over the next century. It is an opportunity we must seize... Today, I want to challenge you. I want to see you in the vanguard of an unprecedented effort to retool the global economy into one that is cleaner, greener and more sustainable. Above all, I encourage all of you to continue on the path of innovation and collaboration. Continue to spread green solutions through your supply chains. Continue to push for private-sector solutions that reduce climate risks—in health, water and natural resources, in insurance and investment and economic development.”*

## the earth's greenhouse effect



About 30% of incoming solar energy is reflected by the surface and the atmosphere.

Only a small amount of the heat energy emitted from the surface passes through the atmosphere directly to space. Most is absorbed by greenhouse gas molecules and redirected back to warm the surface and lower atmosphere. Increasing the concentrations of greenhouse gases increases the warming of the surface and slows loss of energy to space.

About half the solar energy absorbed at the surface evaporates water, adding the most important greenhouse gas to the atmosphere. When this water condenses in the atmosphere, it releases the energy that powers storms and produces rain and snow.

# Neill Corporation Road Map

Businesses are in a position of power and possibility in climate change.

“...Business people can change the world by changing the way the world does business.”

— *Dominique Conseil*  
*President of Aveda*

“The first step towards managing carbon emissions is to measure them because in business what gets measured gets managed.”

— *Lord Adair Turner*  
*Chairman Financial Services Authority*

Neill Corporation is awake and we hear and see the challenges before us.  
We have identified where and how we will make a positive impact.  
We have designed a road map for true change.

## Measurement

### Benefits to measuring:

- What gets measured gets managed
- Understanding the true costs associated with all investments
- Making choices that both reflect our values/visions as well as save money
- Responding to the heightened scrutiny of corporate responsibility and legal regulations/policies
- Identifying the areas of highest concentrations of emissions
- Making choices about how to reduce and offset carbon emissions
- Setting targets to share with others what we believe to be possible

### Neill Corporation performance indicators:

- Energy costs and savings
- Carbon footprint
- Resource reduction  
(as seen in paper cost reduction)
- Facilities costs/utilities costs
- Transportation costs
- Customer retention

### Our strategy:

- Collaborate
- Carbon awareness
- Upcycle
- Positive impact



# Neill Corporation Carbon Inventory

**“Energy, of course, is not just another part of our economy... it is our economy.”**

— Bill McKibben



In 2008-09, Neill Corporation began its first-ever carbon inventory. Based on the principles of the Greenhouse Gas (GHG) Protocol, four main areas of concentration were successfully tracked and measured. The measurements help to identify the areas of highest concentrations of emissions and structure appropriate strategy development for reducing and mitigating emissions.

In the coming year (2009-10), these measurements will serve as a baseline to track changes. In the coming year, the carbon inventory scope will expand to include all corporate activity.

**“‘Energy positive.’ Neill Corp. in Hammond breathes this principle, not only in terms of its core business model but also in the workplace culture it breeds.”**

— Jaime Guillet

*North Shore Business Report, May 2009*

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## GHG guiding principles:

**Relevance:** *‘Ensure that the GHG inventory appropriately reflects the GHG emissions of the company and serves the decision-making needs of users – both internal and external to the company.’*

Neill Corporation carbon inventories to date have been calculated in collaboration with NativeEnergy to ensure accurate and consistent measurements with GHG protocol. The measurements taken are used internally to help determine goals for reductions as well as to allocate funding for alternatives and offsets.

**Completeness:** *Account for and report on all GHG emission sources and activities within the chosen inventory boundary. Disclose and justify any specific exclusions.*

The specific areas of Neill Corporation carbon activity 2008-09 that have been assessed are identified as Headquarters, Travel, Events and Shipping. The inventory boundary is clearly defined to four areas of business activity. In 2009-10, the inventory boundary will be broadened to include a more comprehensive account of all emissions. All emission quantifications have accounted for acceptable estimates (such as the Louisiana state quantifications).

**Consistency:** *Use consistent methodologies to allow for meaningful comparisons of emissions over time. Transparently document any changes to the data, inventory boundary, methods, or any other relevant factors in the time series.*

2008-09 marks the first year of calculating a carbon inventory. We relied on outside calculators provided by NativeEnergy. This coming year, we will be embedding carbon accounting into our main accounting programs to internalize the capacity to draw monthly reports. There will be comparisons made over time. Although the inventory boundary will be broadened in coming years, the specified regions will still be accounted for in isolation to allow for accurate comparison.



**Transparency:** Address all relevant issues in a factual and coherent manner, based on a clear audit trail. Disclose any relevant assumptions, and make appropriate references to the accounting and calculation methodologies and data sources used.

The data collected has been recorded, compiled, analyzed and made available for internal and external observation.

**Accuracy:** Ensure that the quantification of GHG emissions is systematically neither over nor under actual emissions, as far as can be judged, and that uncertainties are reduced as far as practicable. Achieve sufficient accuracy to enable users to make decisions with reasonable assurance as to the integrity of the reported information.

Neill Corporation has worked with esteemed leaders in carbon markets for all data collection. In the future, steps are being made to own the intellectual property in order to develop calculations internally. Neill Corporation is committed to accuracy in our figures.

### Goal 2008-09: accurate measurement of emissions

The first step was the development of a tool to track carbon emissions (created in collaboration with in NativeEnergy). Through this process, it became evident that in order to produce accurate measurements, develop strategies for lowering emissions and create opportunities for offsetting, it would be necessary to internalize the carbon accounting process. Therefore, in 2009-10, Neill Corporation is taking the appropriate steps to earn certification to account for GHG (greenhouse gas) emissions from the GHG Management Institute. The Institute has been founded by world-class experts in the field of climate change.

Four designated areas of concentrations were selected for initial concentration in 2008-09: Headquarters, Travel, Events and Shipping. For the first year, Neill Corporation offset a portion of the emissions. The main goal was to learn to measure the emissions. All offsets made were either paid to NativeEnergy or deposited into the internal carbon offset program, Building Bridges.

Neill Corporation Carbon Inventory (based on six months)			
	Total Carbon tons emitted	Building Bridges	NativeEnergy
Headquarters: Corporate Office & Warehouse	610	\$133,590	\$7,320
Travel	345	\$75,555	\$4,140
Events	256	\$56,064	<b>\$3,072</b>
Shipping	30	<b>\$6,570</b>	\$360

This table shows the total carbon tonnage emitted in the 2008-09 in the four areas of concentration over a six-month time period. The financial values represent budget required to offset with either our own internal carbon offset project, Building Bridges or with NativeEnergy. The values in red have been offset.

## Definition of Carbon Inventory Boundaries:

### Neill Corporation Headquarters (May '08-Oct. '08):

The headquarters category includes the Hammond, La., corporate offices as well as the Hammond, La., distribution center. The calculations are based on using average electricity and heating usage (in the state of Louisiana) for a total of 65,000 square feet. Over a six-month time period (May '08-Oct. '08), there was a total of 610 carbon tons emitted. These carbon emissions have not been offset, however they will be compared to future measurements and targeted for reductions.

### Travel (May '08-Oct. '08):

Neill Corporation has a large distribution range including ten states. Many employees travel for work. Therefore, the carbon footprint for travel has been ranked highly as a priority to measure. All of the data for flights for Neill employees is from May '08 to October '08. There was a total of 817,000 air miles traveled resulting in 345 carbon tons emitted. These emissions will be targeted in the coming years as a place to offset.

### Events (Jan. '09-June '09):

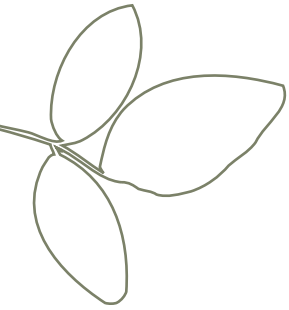
Neill Corporation is a hub within the industry and is renowned for hosting excellent and inspirational events for the beauty network. These educational programs support the next generation of representatives of the Aveda culture.

These events range from smaller 'unplugged tours' to larger events such as Serious Business®. Neill Corporation proudly made a commitment in 2008 that from this point forward, all events will be carbon-neutral. For the six-month period (January '09 to June '09) all events have been calculated and offset, including all technical educational events and caravans. Using NativeEnergy calculators, the total carbon emissions created from hosting these events totaled 256 carbon tons. This calculation covered the estimated emissions for all attendees and teachers to travel to the events as well as the hosting emissions. (It was estimated that 3,929 attendees for the technical events are expected and 2,100 attendees for the caravans.) All ticket prices include a \$2 surcharge to cover the cost of offsetting these events. These emissions have been offset by a NativeEnergy nationwide trucking efficiency project. In 2009-10, these measurements will be compared to the results for six months, July through December 2009.

Serious Business® was the first event in the beauty industry to be completely carbon-neutral. Based on the number of people in attendance and the size of the rooms and the power needed for the event, there were seven metric tons of carbon emitted into the atmosphere. This accounted for the energy used to host the event as well as all of the waste created from the event. This was offset by supporting our own internal program, Building Bridges, with a deposit of \$1,526 into the Building Bridges account.

Attendees at Serious Business® were offered purchase of a raffle ticket to offset their own carbon footprint for travel to the event. The raffle winner won two free tickets to either Aveda Congress (which is a carbon-neutral event through NativeEnergy) or the next Serious Business®.





**“Container shipping is the most environmentally sound way to transport large volumes of goods across the world.”**

— *Mr. Philip Chow,*  
*CEO of OOCL.*

**Shipping:**

Etopa® furniture is manufactured in Shundhe, China, at our partner factory, Double Dragon. To calculate the shipping carbon footprint of the furniture, NativeEnergy provided a calculator. The containers leave the port city of Yantian, China, and arrive at the import cities of Los Angeles and Long Beach, Calif. Inland drayage, or truck movement to load the containers on and off at the port cities as well as to the final destination of Hammond, La., was considered in these calculations.

**There are two main types of containers used:**

- The 40’HC (High Cubed—a reference to the maximum cubic meters of volume of the container) container weighs 10,215 kg and emits 2,623 lbs CO2 emissions, equal to 1.31 tons of CO2.
- The smaller size container is 20’HC and weighs 3,021 kg and emits 776 lbs of CO2 emissions, equal to 0.39 tons of CO2.

The following table illustrates our total shipments for the entire year with coordinating carbon emissions and costs for offsets through Building Bridges (Neill Corporation Internal Carbon Offset Program):

Month	40’HC	20’HC	Carbon Tons	Building Bridges Contribution
May, 2008	2	1	3.01	659.18
June, 2008	1	1	1.7	370.6
July, 2008	5	0	6.55	1427.9
August, 2008	1	1	1.7	370.6
September, 2008	4	0	5.24	1142.32
October, 2008	8	2	11.26	2454.68
November, 2008	9	0	11.79	2570.22
December, 2008	3	0	3.93	856.74
January, 2009	3	0	3.93	856.74
February, 2009	3	0	3.93	856.74
March, 2009	0	0	3.93	856.74
April, 2009	2	0	2.62	436
<b>Subtotals</b>	<b>41</b>	<b>5</b>	<b>59.59</b>	<b>12858.46</b>

# Sustainability Initiative Reports

**Sustainability has been incorporated into all business and resource units.  
Sustainability is a state of mind and action is our evidence.**

In addition to the internal carbon inventory, Neill Corporation has several sustainability initiatives. The focus of the initiatives range from resource management through recycling and upcycling projects (Accounting, Recycling, Biodiesel), the development of healthy buildings (Paris Parker® Salons and Spas), use of a sustainable lens (Neill Technologies™, Purchasing), production of energy-efficient products (Etopa®) and supporting other energy-efficient initiatives (such as Building Bridges, Global Conference on Global Warming).

## Resource Management

### Accounting:

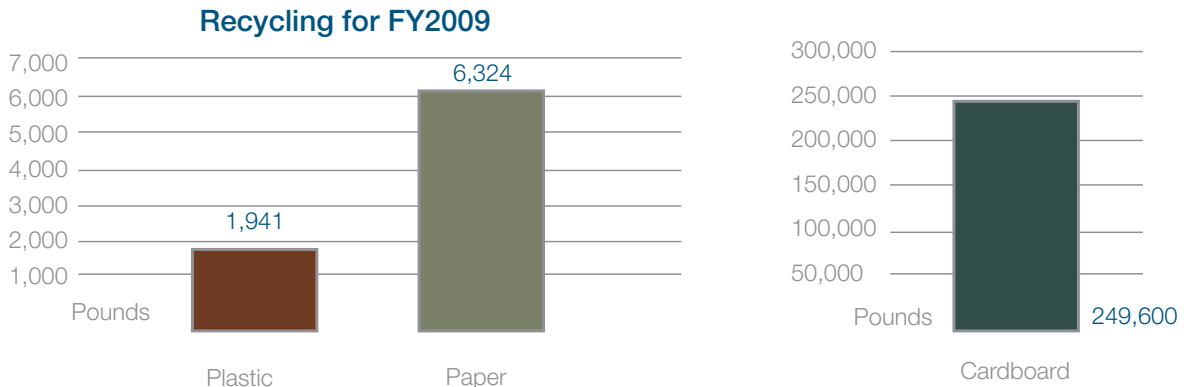
The accounting department has integrated the concept of sustainability into daily operations in a commendable way. This year, clever planning led to a small change with a big pay-off. Each month, the accounting department produces a report that is typically 260 pages, of which 12 copies are made. In an effort to reduce paper usage, the report was reduced to 65 pages, double-sided. This small change saved paper as well as many valuable resources:

<b>Paper saved:</b>	28,080 sheets
<b>Annual Financial Savings:</b>	\$1,589.76
<b>Energy saved:</b>	5 million BTUs (enough energy for one home for a year)
<b>Greenhouse gases avoided:</b>	716 lbs (equivalent to one car for a year)
<b>Water saved:</b>	2,398 gallons
<b>Waste avoided:</b>	277 lbs
<b>Trees saved:</b>	3

### Recycling:

Neill Corporation has been steadily reintroducing recycling since Hurricane Katrina displaced recycling facilities. This year, Neill Corporation was able to negotiate with a local company to once again bring back the recycling program. The past year has been a huge success. All employees in Paris Parker® salons in Louisiana, in the corporate headquarters and in Neill Fulfillment Services have had the opportunity to participate. Team captains have been assigned in the various regions as coaches and contacts to keep the initiative vital. Once again, with attention, focus and commitment, small changes illicit big change. In order to support continued success, there will be consciousness-raising initiatives carried out in 2009-10.

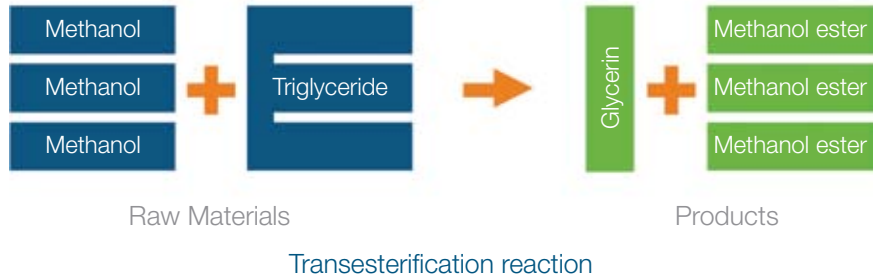
### Results:



**Biodiesel:**

The Biodiesel Initiative has been a passion within Neill Corporation for years. The concept of Biodiesel is upcycling; using materials that are considered waste to produce an alternative to fuel, as a renewable energy. Waste oil from local restaurants is collected and put to use to create fuel. The resulting Biodiesel replaces expensive, foreign-dependant, petroleum-based fuel, and is immediately put to use in the corporate fleet. The use of Biodiesel not only reduces emissions (sulfur, carbon monoxide, hydrocarbons and particulates), but it burns fuel more effectively and efficiently by enhancing lubricity of the engine in which it is run.

Biodiesel is **methyl esters** made from biological oils and fats (**triglycerides**) by **transesterification**



This table shows the calculated financial savings from using Biodiesel for 2008-09:

Vehicle using Biodiesel	GPW	Savings	
Salaundry Truck	125	Weekly Savings	\$57
Maintenance	50	Monthly Savings	\$249
Bill	20	Annual Savings	\$2,988
Edwin	25		
Farm	50		
Total Gallons Used Per Week	270		

**Healthy Buildings:**

**Paris Parker® Salons & Spas, Property Management:**

Paris Parker® Salons and Spas demonstrate the power of creating a space that inspires, beautifies and educates the consumer. Paris Parker® Salons and Spas are the spaces where ideas, philosophy, practice and conversation come together. The products, tools and services provided by Neill Corporation are exacted to the precise needs of salons and spas partially due to these internal experiences. Running successful spaces where beauty, health and wellness abound is an art and a science. In 2009, Paris Parker® Salons and Spas were voted Best Nails by *Sophisticated Woman*, voted Best Hair Salon by *Gambit Weekly*, as well as placed consistently in the *Salon Today* annual list of the 200 fastest-growing salons.

The salons and spas, in addition to providing services that support health, wellness and beauty, become a place for community interaction. Neill Corporation has learned how to leverage this community interaction to advance the effects of positive impact by providing educational, fun, fashion-forward events. In 2009, salons and spas helped to provide education for the community in a variety of important issues by participating in philanthropic initiatives (AHA – Go Red™ for Women Luncheon, Macy’s Grand Opening Go Red Fashion Show, Lakeside Cookbook, Earth Month fundraising, Hairdressers Unlocking Hope Calendars).

## Healthy Buildings (continued):

The Property Management resource unit at Neill Corporation is also responsible for carrying the sustainability vision into practice. There are several properties that have been affected by the sustainable consciousness because of this team. This year, one example includes the purchase of a Biodiesel maintenance van. The vehicle is fueled on the corporate campus. In cases of renovation, the Property Management team has used paint products that have low or zero VOCs as well as used lighting with compact florescent bulbs. In the design and construction of new locations, LED fixtures and eco-flooring are used along with Etopa® furniture and other recycled and refurbished elements.



**“What we must do now is increase the proportion of humans who know that they can cause change.”**

— William Drayton

## Sustainable Lens

In order to extend the sustainability vision and mission throughout the company, care and effort have been taken to support an understanding of how to use sustainability as a lens. All decisions and challenges can be viewed through a perspective that accounts for sustainability. Specific tools have been created this past year to support the acceptance and accessibility of the sustainability lens.

## Purchasing

To support the Neill Corporation sustainability mission and vision, a Sustainability Tool Kit has been created. Specifically, the kit is designed to empower the purchasing experts, designers and all communication efforts to be aligned with the sustainability mission and vision. The main goal of the kit is to source responsibly, remain cost effective, meet market standards for performance, as well as support vendors in transition and seek opportunities for collaboration.

The kit is composed of a set of preliminary questions, conversation points for vendors and additional resources. In response to the preliminary questions, a scoring system is set up based on positive impact. The scoring value will either be a positive, negative or neutral number. This will indicate whether the option is likely to have a positive impact, a negative impact or a neutral impact. The score value DOES NOT indicate a yes or no as to whether business should be pursued. These values indicate how to proceed. For example, if the score value is neutral or negative, there may be an opportunity to engage in a new collaborative project and support a vendor transitioning into a more sustainable business. It is possible that through this process, we are able to help other businesses realize their potential.

## Sample Excerpt:

Preliminary Questions:	+2	+1	0	-1	-2
<b>Does the company have a mission statement, policy or code of ethics that involves sustainability and/or accountability?</b>	The company embraces sustainability and social responsibility. There is specific evidence in programs that reflect their vision. The company has a commitment to respecting indigenous peoples.	The company has a policy, vision or mission statement related to sustainability. The company focuses on compliance with regulatory requirements.	The company does not strive to be leaders in the field of sustainability. Compliance is based on regulations.	The company has not published a mission, vision or policy statement that relates to sustainability. However, in discussions there has been interest expressed in working towards sustainability.	No mission or vision statement, policy or code of ethics. At this time, there is no interest in pursuing any such changes.
<b>Does the company demonstrate environmental or social responsible leadership?</b>	The company publishes an annual report that details their environmental and social compliance with known third party standards (such as CERES, GRI, UN Global Compact, SA 8000). The company has received awards for their environmental and/or socially responsible achievements within the last three years.	The company publishes an annual report that details the goals and commitments for sustainability and/or social accountability. The company is a member of some environmental organizations or working groups whose goals are to further corporate sustainability and accountability.	The company publishes a report biannually. There is a plan to remedy any issues that have been discovered that are non-compliant to sustainability standards.	There is no current report published. However, through discussions there is an expressed interest in realizing and setting goals for sustainability.	There is no report and no interest in sustainability topics at this time.
<b>Is there a key contact person for overseeing sustainability issues and social accountability topics?</b>	There is a senior management person in position. All employees are trained on topics including social responsibility and sustainability.	A position exists, reporting VP or above in the company.	The person who handles sustainability topics also handles other unrelated business. Employee training is limited.	The company is interested in developing a new position, but currently does not have one.	No position exists and there is no interest in creating one at this time.
<b>How does the company handle supply chain accountability?</b>	There is a system in place to create supply chain transparency. The company has an internal supply chain standard and works with suppliers to help improve performance and quality.	There is a system in place to create a supply chain transparency. Preference is given to materials that are sustainably harvested and/or fair-traded.	There is a written commitment to keep the supply chain transparent and support sustainable development.	There is evidence of preferred choices based on equal opportunities and sustainability in material selection although there is not a specified standard created.	Current working conditions are safe and there is a plan to develop a formal policy.
<b>How does the company ensure fair and just employment?</b>	The company is an advocate for social responsibility and has been recognized for these efforts. The company has set up programs in an effort to bring a positive impact to the people who work in the supply chain.	There is a system to ensure fair employment. There are external audits by third party certifiers to ensure fair standards.	The working conditions are only accounted for within the manufacturing facility/employees, not through the entire supply chain.	The working conditions appear to be fair, however there is not documentation to verify. There has been no analysis of the supply chain.	The company is not interested at this time in investing in the appropriate measure to insure fair working conditions.
<b>Does the company perform any social or environmental audits?</b>	The company performs annual social and environmental audits by employing third party certifiers.	The company performs semi annual social and environmental audits with third party certifiers.	The company is currently in the process of ascertaining the appropriate audits and investigating the procedure for performing these audits.	No audits are currently performed, however the company is open to investing in this in the future.	There are no current audits in place and no plans for initiating any in the near future.

**“Procurement professionals are fast becoming a ‘critical and core element’ of corporate sustainability efforts...the use of automated procurement solutions is quietly emerging as the leading edge of many organizations’ efforts to go green.”**

— KPMG INC.

**Carbon-Neutral Event Planning Guide:**

As part of an ongoing commitment to bringing a positive impact to the world, all educational events as of January 2009 are now carbon-neutral. The estimated emissions from the events, including travel, energy usage and associated waste have been balanced by endorsing carbon offset projects. Included in all ticket prices is a \$2 contribution to sustainability initiatives such as NativeEnergy’s nationwide trucking efficiency project.

In addition, there is a commitment to reducing the overall carbon footprint. The Carbon-Neutral Event Planning Guide is a map to aid employees and vendors in finding the most sustainable path in hosting events. The top priorities and goals for each event in 2009 are to reduce the overall energy usage, conserve resources, reduce waste and source ethically to provide evidence of our commitments. All suggestions are designed to engage the event planning team in a process of planning that requires awareness.

*Conscious purchasing choices are evident quickly. The following table illustrates Neill Corporation total paper purchases in 2008 and the impact of purchasing 30% post-consumer paper over non-recycled paper in all corporate offices.*

Total Paper Purchases in 2008	26,111.0	lbs
Average post-consumer recycled content	29.8	%
Greenhouse gas emissions reduced (CO2) equivalents	8187.8	lbs
Water saved	33,986.5	gallons
Trees saved	93.2	trees
Wood resources saved	23,205	lbs
Total energy (BTUs) saved	66,030,890	BTUs
Energy equivalent to oil saved	471.7	gallons
Equivalent number of average US Homes heated per year	1.7	homes
Energy equivalent to electricity saved	18,801.5	kWh
Equivalent number of average US homes powered per year	1.7	homes



**Facts:**

- 1,500 plastic water bottles end up in the garbage every SECOND
- Recycling a four-foot stack of newspaper saves the equivalent of a 40-foot tree
- Every glass bottle recycled saves enough energy to light a 100-watt light bulb for four hours
- Americans throw away enough aluminum to rebuild the entire commercial airline fleet every three months
- We use enough plastic wrap to wrap all of Texas every year
- Every day Americans buy 62 million newspapers and throw out 44 million. That’s the equivalent of about 25 million trees a year
- It takes 75,000 trees to print the New York Times every Sunday
- If we recycled all of the newspapers in the U.S. for one Sunday, we could save 550,000 trees or about 26 million trees per year

## Carbon-Neutral Event Planning Path:

**Carbon Calculations:** 100% compulsory  
**Offsets:** 100% compulsory

### Planning Stages:

Compulsory to comply with four of six suggestions

- Preferred partners for venues (list included)
- Letter of commitment to distribute to venue (draft available)
- Utilize Green Initiative Request Cards (provided)
- Choose location based on pedestrian options to minimize emissions
- Season consideration for low energy impact
- Consideration of alternative options

### Conserve Resources/Reduce Waste:

Compulsory to comply with four of seven suggestions

- Reduce total purchased items required for event
- Buy in bulk
- Ban plastic bottles
- Recycle
- Upcycle
- Donate or compost food waste
- Support

### Source Ethically:

Compulsory to comply with three of five suggestions

- Creative badges and gifts
- Notepads and folders post-consumer or environmentally sensitive
- All paper products with post-consumer and environmentally sensitive materials
- Recycling bins
- Food considerations (local, organic, avoid pre-boxed sets, composting available)

### Education:

Compulsory to comply with two of three suggestions

- Announce goals to participants
- Utilize the points of difference
- Stimulate attendees to purpose and accomplishments

## Etopa®

Etopa® provides salon and spa owners with consulting services and recommendations throughout new development or remodeling construction. Etopa® makes a fine line of furniture including stations, mirrors and pedicure and manicure units that honor the strong commitment to the environment.

Etopa® provides AVEDA salons and spas with an approved line of retail fixtures. Etopa® maintains worldwide vendor relationships to provide salon or spa owners with everything needed for their business.

## Neill Technologies™

Neill Technologies™ provides salons and spas with innovative tools for connecting with customers and staff and improving business operations. Designed by some of the most successful salon and spa owners in the industry, and available globally, Neill Technologies™ software is continually evolving to ensure that it will consistently meet the industry’s needs. The digital programs significantly reduce paper usage in salons across the world.

A team from Neill Technologies™ championed the 2009 Earth Month fundraising event, consisting of a four-mile walk through Hammond, La. Neill Technologies™ has also been busy integrating sustainable thinking into business decisions. All brochures are printed on recycled paper. Travel to shows has been limited, thus reducing waste and emissions. The events that are attended utilize a pop-up booth instead of driving heavy show furniture, further reducing freight and emissions.

Comparison of Selected Expenses for Sustainability Measurement (Avg/Month)			
Expense Category	FY2008	FY2009	Variance %
Revenue			9.58%
Advertising	15,022	13,775	-8.30%
Printing	286	204	-28.67%
Office Supplies	2,978	2,032	-31.77%
Travel and Meals	18,712	11,215	-40.07%

Note: Even with an increase in revenue for FY09 Neill Technologies™ showed a decrease in expenses shown above.

The web has opened up many opportunities to be more environmentally sensitive by providing a central place for communication and marketing. It has become more effective as well as efficient to update information and save costs (financial and resource) on reprinting. In the coming year, one of the target goals to continue to be more sustainable is to consolidate the server into blade

centers for greater efficiency. The education tools have transitioned from one-on-one trainings to web-based group trainings. All demos to experience the programs are available on the website, reducing the number of discs created and mailed. This year, all promotional postcards are e-card/newsletters instead of being postal mailed, decreasing air emissions and paper usage.



Avant Salon Spa, San Antonio, TX

## Energy-Efficient Products:

### ENERGY STAR®

One of the benefits of distributing sundries to salons and spas around the world is to be able to influence the options available. It has been an ongoing effort of Etopa® to provide green alternatives to ordinary sundry needs. In some instances, this has led to powerful partnerships and collaborations. One example is Etopa®'s relationship with FHI, a manufacturer of irons and dryers.

In 2008-09, Etopa® and FHI have worked diligently to assess the energy requirements of selected flat irons and to apply for the EPA ENERGY STAR rating system. This work is valuable in helping to spread awareness of energy efficiency to consumers as well as to stimulate the entire industry to move into the new era of energy awareness.

This collaboration is an example of corporate responsibility, as well as an opportunity to emerge as a leader within the beauty industry. Currently there is no other beauty tool on the market that has received the EPA ENERGY STAR rating. The current era of environmental consciousness demands that companies provide products and services that cater to environmental responsibility.

## According to a recent survey, 72% of appliance buyers look for the ENERGY STAR® label.

Applying for the EPA rating system does not interfere with the performance or existing quality of the tool. The rating simply enhances the value by reporting to the public, through a third-party certification, that the tool is efficient in its energy requirements. The ENERGY STAR rating system is designed to protect the environment through superior energy efficiency without trade-off in performance or quality, maintaining cost efficiency.

EPA has a set of specifications identified for the basis of ENERGY STAR rating. This set of criteria must be addressed and compiled into a strong proposal for the EPA. The normal procedures for application for ENERGY STAR ratings must be expanded in this case, as there is currently no category in which the tool in question would fit.

### **In order to submit an application for inclusion, the following areas have been researched and developed to meet ENERGY STAR product specifications:**

- Significant energy (GHG) savings will be realized on a national basis
- Product energy consumption and performance can be measured and verified with testing
- Product performance will be maintained or enhanced
- Purchasers of the product will recover any cost difference within a reasonable time period
- Specifications do not unjustly favor any one technology
- Labeling will effectively differentiate products to purchasers

## Specification Development Cycle



Significant progress has been made in this area; the specific data is outlined. The team is assembled to complete this work, which will enhance the brand identities of both FHI and Etopa® and perhaps even more importantly, will help to support a great consciousness about the importance and value of being responsible to the environment. Beauty is an ideal platform to distribute this message.

# Building Bridges

**“The population, once engaged, become stakeholders and defenders... and more aware of the link between conservation and sustainable development.”**

**–U.N. Department of Economic and Social Affairs**

## **Building Bridges is a declaration of what is possible.**

Building Bridges aims to integrate transparent supply chains into positive impact programs by engaging supply chain members in sustainable development. In order to support a genuine positive impact, it is critical that engagement occurs.

## **Sustainable Supply Chain & Upcycling**

A transparent supply chain is a complete and clear understanding of the flow of resources, from seed to product. This is one way to ensure that there are no trade relations that perpetuate harm to people or to the environment.

Upcycling is a term coined by William McDonough and Michael Braungart in their book “Cradle to Cradle” (published by Farrar, Straus and Giroux, 2002). The term refers to taking something that is considered waste and transforming it into something of greater value.

While developing and managing transparent supply chains, it is possible to see where there is an opportunity to upcycle.

Etopa®’s furniture is made of upcycled rubber wood from Hainan, China. The rubber wood was selected for both the geographical proximity to the manufacturing facility in Shundhe, China, (rather than an imported wood material) as well as the tree’s ability to sequester carbon from the atmosphere.

Rubber trees are grown throughout Asia to produce milky latex, a natural rubber (an industry employing 2.5 million people in Asia). The trees are grown for 30-50 years and after the latex production are typically cut down. According to Kevin P. Jones, secretary of the International Rubber Research and Development Board, the density of these plantations is as effective as a virgin forest in its ability to turn carbon dioxide into oxygen. Rubber trees, when planted 450 trees per 2.5 acres, are as effective in their ability to convert carbon dioxide into oxygen as a natural virgin forest. In Hainan, the rubber trees are planted up to 600 trees per 2.5 acres, naturally lowering the air’s carbon level and improving the quality of the atmosphere. The biomass production is very high in the Hevea Sp. (rubber wood) due to the high photosynthetic rate and broad leaf index. The wood, until very recently, has been considered a by-product of rubber and either burned or disposed. Therefore, an opportunity to upcycle the wood into furniture became available.

Once the timber is removed from the forest it is sent to a local facility in Hainan for processing. Once the trees are cleared, rubber tree saplings are replanted, creating a new forest, renewing the supply of the latex industry for another 30 years.



## **Carbon Awareness and Positive Impact**

Human industrial activity is largely responsible for global warming, which threatens our oceans and atmosphere. A transparent view of the supply chain, with a focus on discovering opportunities to upcycle waste and by-products, naturally leads to an increase in carbon awareness.

Neill Corporation has imagined possibilities where, through sustainable development, business has actually absorbed carbon emissions and directed benefits to be shared throughout the supply chain. Building Bridges is a collaboration between business, government, non-profit organizations, scientists, artists and perhaps most importantly indigenous people, all working together to align incentives in sustainable development.

Empowerment is a long-term goal that incorporates this essence of sustainability. The World Bank defines empowerment as "...the process of increasing the capacity of individuals or groups to make choices and to transform those choices into desired actions and outcomes. Central to this process are actions that both build individual and collective assets, and improve the efficiency and fairness of the organizational and institutional context which govern the use of these assets..."

The empowered participating stakeholders are the ones best suited to developing the tapestry of causal factors for vulnerability as well as strategizing coping mechanisms. Although the issues are on a grand scale and can be overwhelming, the key is to look at natural resource availability and consumption. Improved management of natural resources will impact both environmental and human health. Collectively, the empowered stakeholder council can develop an ideal sustainable strategy which addresses global warming by decreasing dependence on natural resources to meet energy needs, creates a closed recycling/upcycling system, provides free and clean renewable energy and fertilizer, diminishes pollution, improves soil quality, develops economic potential, supports life satisfaction and cultural preservation, and enhances environmental awareness.

## **Building Bridges**

The Building Bridges project takes place in Hainan Island, which is about 210 km wide from east to west and about 165 km from north to south. It has a registered population of over 7.25 million people (actual population is estimated to be more like 10 million) and yet is still considered a rural area with 80 percent of the population being farmers and 62 percent of GDP for Hainan accounted for by agriculture. According to the Hainan Department of Land, Environment and Resources, "...the largest cause of the environmental problems is that most rural people in Hainan rely on biomass as their major source of fuel and associated deforestation has exceeded the regenerative capacity of the natural resources." The Hainan provincial government has organized programs to address the environmental challenges.

One such program is Eco-Province Strategy, which promotes rural sustainability. Tiantou village in Baisha, located outside Dongfang, is one of these eco-provinces. This village is home to the Li people, one of the main indigenous groups of Hainan. Tiantou is the village that was selected for the first year of Building Bridges. This site provides an ideal scenario for integrating the initiatives of the government, the villagers and the corporation. Tiantou village, as an eco-province, creates an example to neighboring villages of sustainability. In a location without televisions and radios, it was important to choose a visible location to help inspire accessibility as well as a continued effort.



## **Building Bridges (continued)**

Rapid development, stimulated by the rubber industry, has an impact on the environment and the quality of life for Tiantou villagers. The Intergovernmental Panel on Climate Change Fourth Assessment Report "...found that communities who live in marginal lands and whose livelihoods are highly dependant on natural resources are among the most vulnerable to climate change." (Macchi, 2008). Throughout the coming decades, the negative effects of climate change are predicted to fall disproportionately on indigenous communities. The Building Bridges program is building the capacity to adapt with innovative solutions for decreasing carbon emissions, globally and locally. Building Bridges conducted numerous interviews and surveys in Tiantou and Baisha Village to ascertain villagers' vision of sustainability.

Building Bridges has installed 35 biogas systems in a village in Hainan. Throughout 2009, 70 more units will be built. In order to receive a biogas system, the criteria for families was primarily that they had to have pigs as the pig manure is the number one ingredient that creates the methane that is usable as a renewable energy.

## **What is biogas?**

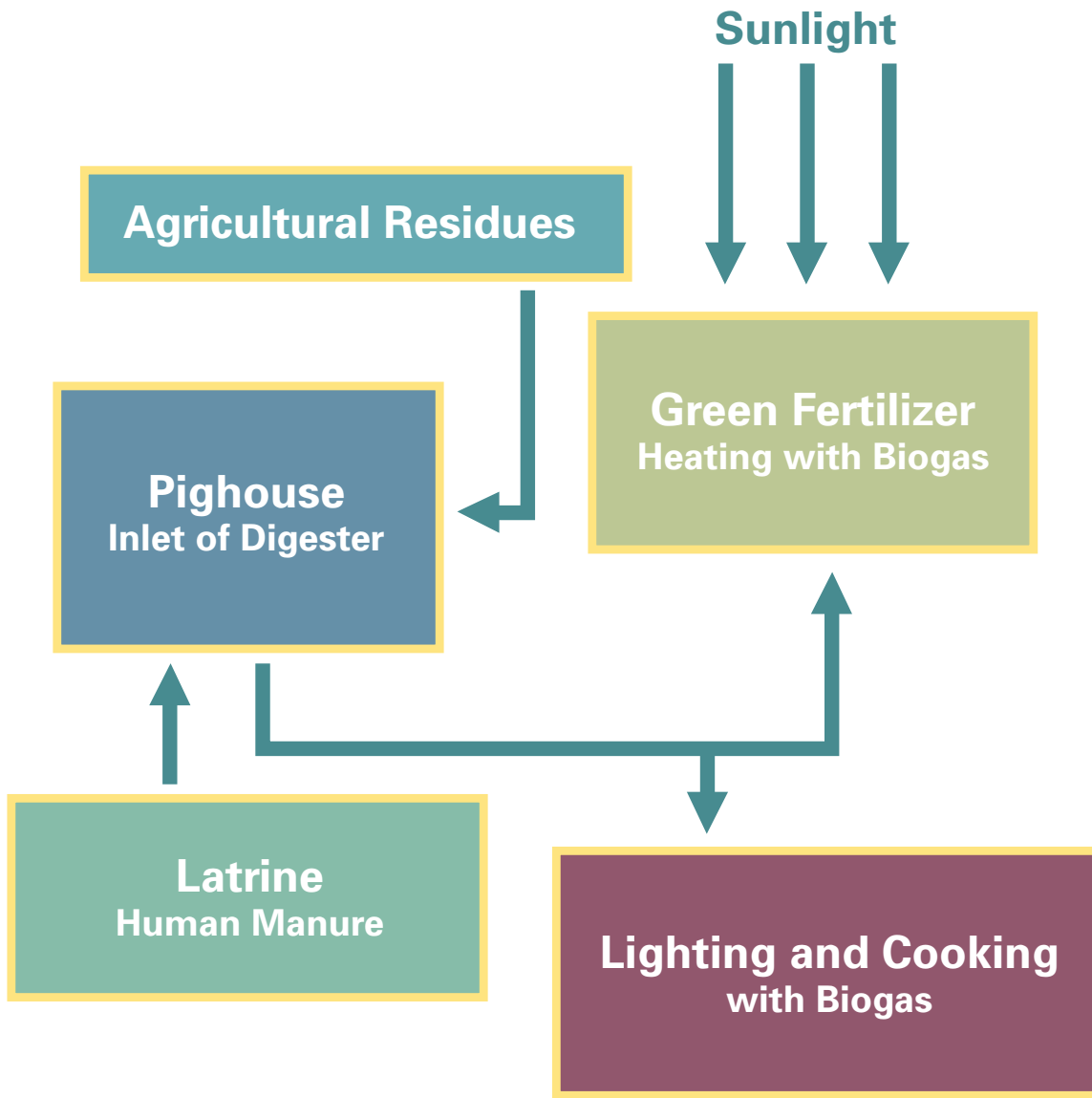
Biogas units are constructed out of concrete and connect underground with the household toilet and pigpen, automatically directing the waste into the units. Agricultural waste can be added by hand. The underground chamber creates a controlled breakdown of the matter in the absence of oxygen, 'anaerobic digestion.' The absence of oxygen eliminates the ability for pathogens to survive. In the first stage, acid-forming bacteria convert organic matter anaerobically into simple organic acids, while in step two, methane-forming bacteria convert organic acids anaerobically into biogas.

The installation of biogas digesting units addresses global issues of water quality, soil integrity, air quality, human health, cultural preservation and economic potential, one family at a time. We now know that the burning of fossil fuels causes more than 90 percent of global warming and that renewable energy is the principal way of mitigating climate change. Biogas technology achieves these goals by upcycling waste into usable energy and fertilizer.

### **Renewable energy:**

Biogas produced from the biogas system displaces the daily energy source. According to the Hainan Department of Land, Environment and Resources, "...the largest cause of the environmental problems is that most rural people in Hainan rely on biomass as their major source of fuel and associated deforestation has exceeded the regenerative capacity of the natural resources." Prior to using the biogas, villagers collected fuel wood for 100% of their energy needs from the surrounding mountain areas. On average, each family required about 7.5-10 kg of wood a day for cooking (a 3,166 kg of fuel wood a year average). With the use of the biogas system, the families are able to harvest usable energy from the units to replace the fuel wood. The biogas saves the time and labor needed to harvest the wood, simultaneously lessening the human impact on Hainan's natural forests.

Biogas as a form of energy is more heat efficient, has a higher heat value and combustion rate, and avoids carbon emissions that occur when fuel wood is burned. The carbon inventory of the project was formulated based on the heat values, combustion efficiency of biogas and CO<sub>2</sub>, the emissions factors for biogas and fuel wood.



**Heat value:**  
**Combustion efficiency:**  
**Carbon emission factor:**

**Biogas**  
 23.03 MJ/m<sup>3</sup>  
 57%  
 81.5 g/MJ

**Fuel wood**  
 13.82 MJ/kg  
 15%  
 90.7 g/MJ

The annual energy savings is calculated from the following formula:

$$\text{The annual energy replacement} = \frac{\text{Biogas production} \times \text{Biogas heat value} \times \text{Biogas combustion efficiency}}{\text{Fuel wood heat} \times \text{Fuel wood combustion efficiency}}$$

Therefore, a conservative estimation of carbon emission reductions per unit is 3.03 tons per year, a total of 106.5 tons, a 70% reduction per household. However, during post-construction visits, it was discovered that 20 units have been operating well and maintained well. The other 15 units did not work well, seven failed to produce biogas and eight did not produce enough biogas. Calculations were therefore modified. The production of actual biogas of these 35 units is equal to the capacity of 23 biogas-digesting units. Therefore the total CO2 emissions reduction for the first year is only 67 tons.

**Upcycling waste:**

The biogas units built in Tiantou village are eight square meters, slightly larger than normal (six square meters) to allow for more collection of wastes and to produce a more consistent source of energy. The biogas units produce an average of 500 cubic meters of biogas a year. It is a significant success to transform raw waste, which emits GHGs and pollutes water sources with bacteria and attracts insects, into a renewable form of energy that is more effective and efficient than the previous choice. The biogas units avoid the off gases from human and animal waste that release CO2, CH4, NH3, and H2S into the atmosphere as with raw sewage. With the biogas units, all of these emissions are either converted into methane or green fertilizer, which make it a carbon-neutral system.

### **Water issues and human health:**

In addition to carbon savings, the biogas technology addresses some of the results of global climate change as seen in human and environmental health. In Tiantou village, raw sewage had been either placed directly on crops or allowed to seep into ground water. This practice of allowing waste (human, animal and agricultural) to leach into groundwater was further degrading this already scarce resource, greatly increasing the probability for the transfer of diseases and illness (including dysentery, typhoid, cholera, trachoma, and deadly pathogens such as E. Coli, giardia and encephalitis). Inorganic waste from metals, minerals, and toxic chemicals can cause neurological damage, paralysis, and potentially cancer.

Water is one of our most precious resources, both in availability and in quality. Water is expected to be greatly affected by global warming in the years to come. The IPCC 07 report predicts climate change will bring increased exposure to the sun, warming the global temperature, and eventually generating more malnutrition due to poor crops and decreased water resources. "Every day, diarrheal diseases from easily preventable causes claim the lives of approximately 5,000 young children throughout the world." (Water for Life, 2005).

Diarrhea caused from contaminated drinking water causes five times the number of child deaths that are caused by HIV/AIDS. Most of these deaths are preventable with health care, education and access to clean drinking water. "Several infectious diseases such as intestinal nematode infections, schistosomiasis, trachoma or dengue in certain regions are almost entirely attributable to water, sanitation and hygiene related risks." (Water for Life, 2005). Biogas units provide technology to manage the precious water resources and minimize the transmission of diseases. The units absorb the pollutants and use them as a nutritive ingredient to improve water quality and soil quality rather than leave the pollution to harm the natural resources. In order to estimate the impact of the biogas units on the environmental and human health, a counterfactual or baseline analysis was established. This requires an estimated disease burden that could be avoided if the current risk levels are reduced to the counterfactual exposure. Water samples were collected before the installation of the units. These statistics will be compared to periodic collection of water from the same origin to compare the organic and inorganic pollutant load in the water samples.

### **Water to soil and economic potential:**

Biogas units produce methane, a renewable energy from waste, and displace the need for fuel wood. Each household biogas system has a plastic pipeline that connects to the house stove to provide energy. The by-product of the system is a green sludge that is used as a fertilizer to increase the health of the soil. Ecologically, the healthier the soil is, the better able the soil is to maintain nutrients, grow more robust crops and require less water.

In the village in Hainan, farmers have an average land size per household of 2.3 mu and spend about 500-600 RMB a year to maintain their land. Most villagers feed their soil with a combination of raw manure from pigs, chemical fertilizers, nitrogen fertilizer, and purchased compost. The cost of these fertilizers is about 100-180 RMB/mu, a large percentage of the villager's yearly net assets. The biogas units provide a free fertilizer via the slurry which is a by-product of the biogas production. Each unit will produce enough green fertilizer to offset 600kg of chemical fertilizer. When chemical fertilizers are replaced with this green slurry, it improves efficiency. Applications of the green fertilizer over three to six years are expected to improve soil composition and quality to be able to retain water by 50 percent. The slurry contains organic matter, humus, nitrogen, phosphorus, potassium, and other microelements. The Danzhou Biogas Station (located in Hainan) conducted an experiment to compare the effects of this slurry. In condition 1, 1500 kg of digestion slurry, along with 15 kg of carbamide and 30 kg of compound chemical fertilizers were added to one fifteenth of a hectare. In condition 2, 50 kg of carbamide and 100 kg of compound chemical were added to same land size. The results were that in condition 1, there was a 17 percent increase in the yield plus significant savings from using the slurry.

### **Alleviating poverty & cultural preservation:**

Polluted water affects the soil, challenging the ability to grow robust crops. Polluted soil affects health, challenging the potential for children to grow strong and healthy. Illness affects capacity, challenging the ability for a culture to survive. Sustainable development strives to improve the living conditions so that a future is possible.

The site for building biogas units was intentionally selected because it is the most remote area in the Dongfang Province. Although the cost of the systems is slightly more to build (transportation), these villages were identified as being in transition, absorbing certain Western practices and ideals while still maintaining a very traditional cultural lifestyle. Building Bridges supported sustainable development for the village in Hainan.

According to the International Poverty Research Center in China, there are approximately 600 million people who are dependant on farming. The Li people have only begun to engage in rubber wood cultivation over the past 10 years. The result of this involvement has been both positive and negative for their traditional culture. Many villages are enjoying the convenience of better road systems and the benefit of electricity and improved water supply due to their participation in a rapidly developing industry. However, there has been a huge impact on village life, as many men will leave the village to look elsewhere for work on government-owned plantations. Even though these men have begun to earn more money, there is a struggle when their earnings are transformed into debt as a change in lifestyle occurs. The need for transportation, tools and electricity quickly adds up. Women take on more labor around the village and begin to dream of a life that is less difficult and often marry outside of the village to try and leave the village hardship life behind, often also leaving the language, dress and arts in the village.

In discussions with six managers of rubber wood plantations in Le Dong city, central Hainan, it was reported that a manager averages about 1000 RMB (\$146.34) a month whereas workers usually receive 300-400 RMB (\$43.90- \$58.53) a month (www.xe.com, 2009). Of the six male interviewees, four were Li people and two were from Mainland China. The work is only seasonal; the average annual income for a family is 930 RMB (\$136.09), which includes all assets like pigs, bananas and rice.

Families living in Tiantou are able to save money (off-grid electricity, free fertilizer), save time (not having to collect fuel wood), improve the quality of natural resources (avoiding pollutants) and support traditional lifestyles. Overcoming poverty by applying participatory approach increases the capacity to address environmental and human health.

### **Looking into the future:**

Building Bridges has been successful, yet there are still challenges to be overcome. These challenges can be addressed as Neill Corporation has made a long-term commitment to the project.

#### **Challenges:**

Five out of the 35 households failed to run due to several barriers:

- The biogas systems require a certain volume of input in order to produce the expected volume of output. One of the challenges discovered is that some household members do not use their home toilets because they work in the field during the daytime.

The core issue in this challenge is that many people are traveling far from home to find opportunities for work. Over time, with the applications of fertilizers, there are future economic potentials for growing rubber wood in the village.

Challenges (continued):

- In these same households, members reported that instead of keeping the pigs in the pigpen that is located over the biogas system, they have been allowing the pigs to walk freely outside. The reason for this is that they believe the meat quality and taste would be better if pigs are raised in this way.

Pigs are raised to sell for money. Again, the economic pressure for the villagers compromises the acceptance of a new system. Over time, when other villagers begin to see the benefits of the units, these households may change their perspective to recognize the benefits of using the systems correctly.

- Villagers have become accustomed to cooking with fuel wood. Discussion sessions are scheduled to dialogue about the impact of collecting fuel wood on deforestation.
- Household members cited that the reason the system may not work up to full capacity was in part due to a lack of understanding of how to work with the biogas system, such as confusion over the levels of liquid needed and when to add in agricultural waste.

The local government is hosting workshops in the villages to help members of the village understand how to maintain healthy biogas systems.



## Internal Carbon Offset Program

Building Bridges has paved the way to create Neill Corporation's first Internal Carbon Offset Program. To become a leader requires an honest perspective on controversial topics as well as the ability to take a strong position on how to address these challenges. Neill Corporation has developed a solid strategy that asserts our continued lead in responsible business.



## Offset, *n.*

Something that counterbalances; a compensating equivalent.

### Turning controversy into strategy:

Calculating a carbon footprint is a fairly new concept. The introduction of carbon offsets with a specific fiscal association has created a huge market. According to the banking giant HSBC, companies in the climate mitigation business have generated more than \$300 billion in revenues this year and are growing exponentially. There are both positive and negative aspects to the growing trend of offsetting carbon emissions. Neill Corporation is contributing a unique perspective to the carbon industry by internalizing carbon offsets.

The IPCC has declared that human activity is undeniably linked to climate change. With this information, we see the seed of promise. We are reminded of our power of choice. Clearly, we have the capacity to make a huge impact on the earth and we can choose to make this impact positive. Perhaps one of the most valuable aspects of the popularization of the carbon market is the opportunity for individuals, companies and organizations to take ownership of the activities that lead to global climate change. Identifying cause can create a bridge to solutions.

Our internal carbon offset program is designed to double as benefit-sharing projects (engaging the supply chain partners), while providing carbon sinks. NativeEnergy along with esteemed carbon scientist Aiming Zhou have provided a tool for measuring the amount of carbon emissions avoided by introducing biogas units. Emissions created from shipping containers from China to the U.S. were also calculated.



Biogas Unit in Tiantou Village

## Double Dragon



**“Once the individual understands the system of profound knowledge, he will apply its principles in every kind of relationship with other people. He will have a basis for judgment of his own decisions and for transformation of the organizations that he belongs to.”**

— Edward Deming

Double Dragon has been our trusted partner in producing Etopa® fine furniture for Aveda salons since 2002. Edward Deming’s philosophies have inspired us to develop committed relationships with our vendors and together drive out waste in the process so both parties can achieve reduced costs and realize a true ‘win-win’ situation. Within these relationships, we have the capacity to inspire empowered transformation. These transformations, one by one, create a path for true change and sustainable development.

### Relationships: audits and carbon inventory

“With the current lack of awareness and preparedness on climate change risk there is a clear requirement for greater collaboration with suppliers to create transparency and also encourage a willingness to improve,” says Frances Way, head of supply chain at CDP. “This can only be done through long-term relationships, where ideas are shared and solutions developed in partnership. Collaboration is vital if organizations are to future-proof their business.”

Double Dragon is intrinsic to our success by supporting the development of our transparent supply chain for our wood. The partnership with Double Dragon facilitated an opportunity to further improve the efficiency of the supply chain by moving rubber wood into their facilities and eliminating the need for separate storage units. The Double Dragon storage area also allowed us to avoid the use of chemicals that are typically used for preservation.

The business relationship between Etopa® and Double Dragon continues to strengthen through the years. Double Dragon provides a clean and safe environment for its employees. Employees at the facility receive fair wages and during interviews they revealed that Double Dragon was the most preferred place of employment in the entire Shundhe area. Each year, a representative from Neill Corporation visits the factory to provide updates on our current fiscal year strategy as well as share our environmental guidelines. Often these visits are unexpected to provide an opportunity to witness authentic everyday life in the factory. This year, Double Dragon welcomed Yuan YouLiang to the team as a consultant. Mr. YouLiang will bring his expertise and experience in environmental and social audits in China (such as ISO 9001, ISO 14000, OHSAS 18000, ICTI, and COC). In 2009-10, a certified third-party audit of the Double Dragon facility will be conducted.



Paris Parker Salon and Spa, New Orleans, LA



Art + Science SalonSpa, Philadelphia, PA



Matthew Michael's Salon and Spa, Orlando, FL

## With the support of Neill Corporation, Double Dragon has developed many environmentally sensitive technologies:

- All furniture was previously packed in wood. Through a joint effort there has been a transition to cardboard which is easily recycled and lighter, cutting back on shipping carbon footprint.
- A wastewater treatment center takes in water used throughout the factory and filters it to a point where the water becomes clean enough to feed to the plants growing on the campus.
- Air emission control: all gluing occurs in an air-tight room to both protect the furniture from outside contaminants and settled matter as well as to prevent fumes from getting into the rest of the factory.
- Facilities utilize natural light instead of harsh fluorescent bulbs, adding savings to the overall carbon footprint.
- The majority of the waste created on-site is sold, reused or upcycled.
- The factory has experienced rolling blackouts from its diesel generators. Neill Corporation is helping to manufacture Biodiesel on-site to use in generators.
- Banners are hung throughout the warehouse and factory to remind workers to stay focused and aware of their work.
- All scraps and waste generated from cutting rubber wood are collected and made into compressed boards (MDF). These boards can be used as frames and then covered in veneer from the same tree.

## Ripple Effect

The world we live in challenges us to go beyond zero impact and create a positive impact. In order to successfully address global warming, we need to accept the reality and mobilize our efforts by sharing tools to be best prepared. Children are the indicators of our future. We need to drive the dialogue on global warming into action with new concepts of possibilities. We need to hear the successes with the challenges.

We need something to believe in. Building Bridges is evidence of possibility. Building Bridges gives a reason to hope that human creativity, natural renewal, and indigenous knowledge can bring us into a future that is secure and abundant.

**“A position of optimism represents the kind of willful choice about where to focus attention that typifies effective design.”**

— Jason Pearson

## Global Conference on Global Warming 2008

**“The Global Conference on Global Warming was initiated to bring all disciplines together for local and global solutions to combat global warming. It is a multi-disciplinary global conference on global warming (and climate change), not only in engineering and science but also in all other disciplines. It covers a broad range of topics on energy and environmental policies, energy resources, energy conversion technologies, energy management and conservation, energy security, renewables, green technologies, emission reduction and abatement, carbon tax, sustainable development, pollution control and measures, policy development, etc.”**

— excerpt from welcome

Building Bridges, as a program, has received international attention for its unique and successful contribution to sustainable development. In 2008, Building Bridges was presented in Istanbul, Turkey, to an audience of business people, government officials, and academics who gathered to attend the Global Conference on Global Warming.

The prestigious conference received 362 abstracts of which 168 were accepted for presentation. It is both an honor and an achievement that the abstract about Building Bridges was selected. The paper, ‘Building Bridges: Integrated Approach for Sustainable Development Through Positive Impact Development,’ is now published in the event proceedings as well as in a book, ***Sustainable Development: Engineering Solutions***.

The conference commenced with a special welcome by the President of Turkey. Neill Corporation stood next to the world’s leaders in an effort to combat global warming. The Building Bridges presentation was greeted with respect, interest and admiration. Most benefit-sharing models are based on financial terms.



Istanbul, Turkey. The bridge between Asia and Europe on the Bosphorus Sea

## Conclusion

Solutions lie in the seed of innovation. Neill Corporation is invested in being an innovative leader of change to support sustainable development.



**Message from Debra Neill Baker:**

*It seems that most of us are looking forward to a new year and hopefully, possibly, new opportunities and even change. Are we interested in surface changes or are we committed to a more fundamental evolution?*

*How do we find the inspiration, skills and support to make change happen at the scale now required? To paraphrase Einstein, we can't solve problems working from the same frame of mind in which they were created. The barriers to evolutionary change are often self-imposed. Too often, we live in fear and with limited imagination. Our unintentional blindness has us overlook opportunities to make positive, life-enhancing transformations. The world needs a shift, and we are each the catalyst— our personal transformation and our collective evolution are intertwined...let it begin with me.*

*Wake up and stay awake to who you are, who you are capable of being, and what you can contribute.*

Neill Corporation believes that beauty enhances the world.

We all have an impact on the Earth.

At Neill Corporation, we choose to make ours positive.



**neill**  
a family of businesses<sup>SM</sup>

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