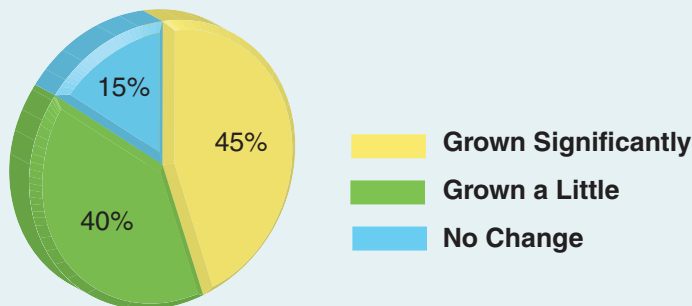


# Abbott Goes Green

*Improving environmental performance has become a top fleet priority; one Fortune 500 company is taking an innovative approach.*

**In the Past Year, How has Your Company's Interest in the Environment Changed?**



Source: PHH Arval

**Many companies noticed a significant increase in environmental concerns by senior management due in part to the rising cost of fuel.**

**F**leet vehicles are driven an average of 25,000 miles per year — nearly double the mileage, fuel consumption, and corresponding emissions of personal vehicles. A typical fleet of 500 vehicles can put over 6,000 tons of greenhouse gas (GHG) emissions in the air each year, contributing to global warming.

Abbott, a global, broad-based health care company committed to doing business to protect human health and the environment, recently instituted a corporate goal to reduce operational greenhouse gas emissions to 10 percent below its 2004 levels by 2010.

For this reason, Abbott took a leadership position by implementing a “green” initiative for its fleet. The challenge: help protect the health of the planet without increasing fleet costs or impacting driver satisfaction.

## Partnership Reduces Emissions

For help in meeting this challenge, Abbott turned to PHH Arval, its fleet management supplier. PHH, in partnership with the Environmental Defense organization, had created the PHH GreenFleet program, a comprehensive environmental program designed to help companies measure, manage, reduce, and offset fleet emissions.

According to Bob Accarino, Abbott’s director of global environmental affairs, “We adopted the PHH GreenFleet approach for two reasons. First, the comprehensive, analytical approach to measuring and reducing emissions was powerful. In addition, PHH’s partnership with Environmental Defense gave the program significant credibility within the environmental organization at Abbott.”

Working closely with Accarino were Jeriann Dosemagen, director of global travel and fleet, and Diane Lopez, manager of corporate fleet, domestic.

According to Dosemagen, “One of the benefits of this initiative was the opportunity to work with our Global Environmental Affairs department. Our efforts in the fleet area were ultimately recognized in Abbott’s Global Citizenship Report, a companion to our annual report. This was a tangible sign of senior management’s recognition of the value of proactive fleet management.”

## At a Glance

Abbott’s company “green” initiative program achieved:

- 4.1-percent fleet cost reduction.
- 4.3-percent reduction in fleet greenhouse gas emissions.
- Improved fleet performance without extra cost.
- 75 percent of fleet vehicles now get more than 20 mpg.

## Establishing a Baseline

The first step in the PHH GreenFleet program was to conduct a study to ascertain Abbott's GHG baseline — how many tons of carbon dioxide were currently emitted by the Abbott fleet — to measure progress over time.

According to Karen Healey, PHH director in charge of PHH GreenFleet, "Our consultative analysis of Abbott's fleet not only gave us a baseline measurement of their current emissions, it also highlighted numerous opportunities to improve performance without disrupting the current fleet program. Abbott's goal is to make incremental progress with every selector, while ensuring that Abbott's salespeople remained satisfied with their vehicle choices."

Rather than only consider hybrids, which can be more costly and limit vehicle options, Abbott stayed with its current manufacturer, but improved the environmental performance of the vehicles on the selector. "We eliminated the least-efficient vehicles and added four 'greener' vehicles to the mix. Since our program was going to be voluntary rather than mandatory, we looked for ways to encourage drivers to choose more environmentally-friendly vehicles," said Dosemagen.

## Getting Buy-in from Sales Management and Drivers

Before sending out the selector, Dosemagen and Lopez worked with PHH to develop a comprehensive plan to communicate the changes to the selector and encourage fleet drivers to select the most environmentally friendly vehicles that would still meet their business needs. The team took advantage of existing communication tools and developed some new ones.

One new tool was a "Green-O-Meter," which showed each vehicle's green rating compared to others. In addition, various communications were sent to all Abbott employees to help them understand Abbott's environmental goals, the PHH GreenFleet program, and its impact on the environment.

Dosemagen says, "We got very little



**Abbott has taken a leading position among "green" fleets. Bob Accarino supervises Abbott's global environmental affairs.**

push-back from either managers or drivers. In fact, we heard positive feedback from the sales director and staff. I think everyone is concerned about the environment and supports Abbott's efforts to protect it. Even more, the way we went about it — with a soft touch rather than a heavy hand — had a lot to do with the way it was received."

## Green Results Documented in Emissions and Cost Reductions

The results of the PHH GreenFleet program have so far been impressive. Around 20 percent of Abbott's drivers have chosen "greener" options than

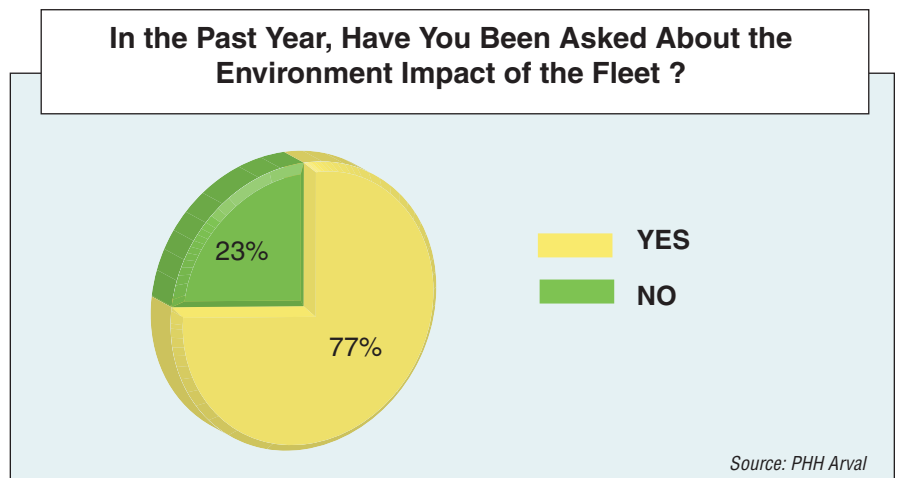
what they were driving before. Five percent chose the greenest option, and 76 percent of the new vehicles selected get over 20 mpg.

Most important, Abbott has documented a 4.3-percent reduction of greenhouse gas emissions and a 4.1-percent cost reduction. The company expects this initial immediate success to increase with each selector, as more and more drivers go green.

Dosemagen says, "The comprehensive approach we used with PHH GreenFleet was instrumental in our results. We have always considered fuel economy when selecting vehicles. However, with this approach, the team looked at new vehicles and developed innovative ways to encourage drivers to consider more fuel efficient vehicles."

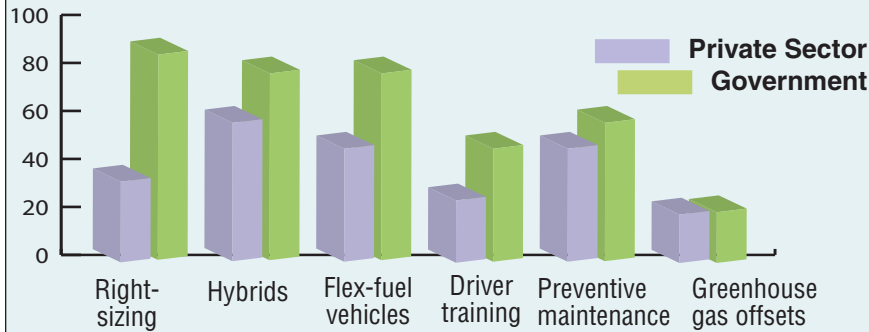
Accarino says, "Now we're looking toward the fall selector. We are adding hybrids to the mix, along with other changes, as well as offsetting our remaining fleet emissions."

According to Tom Murray, corporate partnerships project manager for Environmental Defense, "We've been impressed by Abbott's innovative efforts to improve fleet efficiency and cut emissions. We encourage other companies to explore opportunities to measure the emissions and implement a systematic approach to reduce those emissions."



**Seventy-seven percent of fleet managers indicated their organization's senior management had inquired about the environmental impact of their fleet in the past year.**

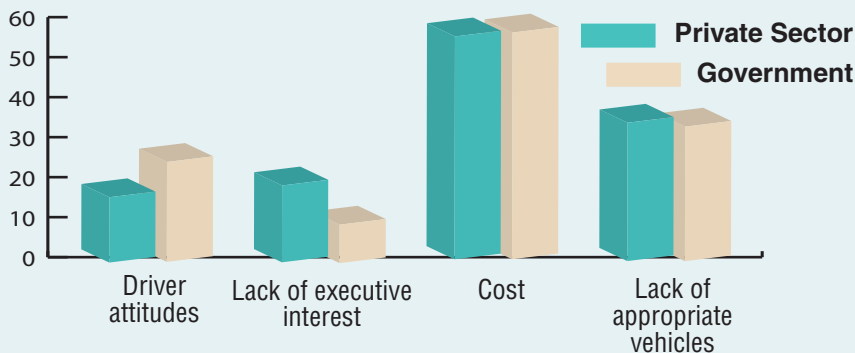
### What Opportunities Have You Explored?



Source: PHH Arval

**A smaller percentage of private sector fleet managers have explored opportunities in every category of environmental-saving strategies than did public sector fleet managers.**

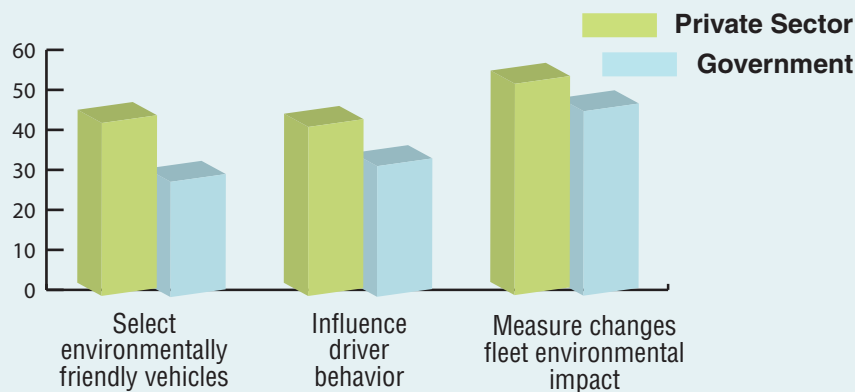
### What Are the Biggest Barriers to Adopting Environment-Friendly Fleet Practices?



Source: PHH Arval

**More than half of both private sector and public sector fleet managers — 56 percent — indicated cost is the greatest obstacle to implementing environmental-friendly fleet practices.**

### You Have the Tools You Need to:



Source: PHH Arval

**Many managers felt they did not have the appropriate tools to select environmentally-friendly vehicles, influence driver behavior, and measure changes in environmental performance.**

## Corporate Green-Fleet Initiatives are Proliferating

Corporate green initiatives are beginning to influence vehicle selector decisions. One company pioneering fleet emissions reductions is Infinity Property & Casualty Corp., which has replaced approximately 400 SUVs with Jeep Compass models as part of the PHH GreenFleet program. As a result, Infinity anticipates reducing operating costs by 10 percent, improving fuel economy by 25 percent, and cutting greenhouse gas emissions by 16 percent.

A growing number of fleets are making significant investments in hybrids, despite higher acquisition costs and limited availability of appropriate models. Roche Pharmaceuticals has expanded its hybrid fleet to 242 vehicles, reducing annual greenhouse gas emissions by 1,033 tons and saving 80,253 gallons of gasoline each year. A number of other commercial fleets have hybrids in fleet operation, such as DuPont, State Farm, Intel, FedEx, Purolator Courier, Glaxo-SmithKline, Charmer Sunbelt, UPS, and Florida Power & Light.

Many corporations, such as PepsiCo, have implemented broad-based sustainability strategies. One element of PepsiCo's sustainability strategy is the acquisition of hybrids, which now represent a growing segment of its fleet. Another example is Pepco Holding. It will transform its 2,000-unit fleet to hybrids and alt-fueled vehicles.

Likewise, New Jersey's largest utility, Public Service Electric & Gas, says it will buy hybrid vehicles to replace nearly one-third of its 1,300-unit fleet over the next decade to reduce tailpipe emissions. Several fleets have made the decision to become all-hybrid fleets. One such fleet is SECURA Insurance. This isn't just a U.S. phenomenon. Ikea is switching its entire UK fleet to hybrids as a prelude to a possible company-wide shift to greener vehicles. AF