



# AAFES Sustainability



# CEO & COO Comments



## MAJOR GENERAL KEITH THURGOOD, CEO

*"Cleaning up the environment begins at home. For AAFES facilities residing on Army and Air Force installations across the globe, 'home' is the military community where our customers live, serve and shop. AAFES is continuously evaluating our operations looking for new ways to protect our environment and reduce our carbon footprint. I'm excited about the steps AAFES is taking to make the 'homes' we share better places to live thanks to reduced energy consumption, smarter store design and a better selection of environmentally-friendly products for our customers."*

## MR. MICHAEL HOWARD, COO

*"Just as AAFES is committed to providing the best shopping experience for our military customers, we are determined to set the standard for exceptional environmental stewardship in the military resale community. All associates must do their part by promoting a sustainable lifestyle both at home and at work, reducing waste and minimizing energy consumption. Our efforts directly improve the quality of life in the communities we serve and save millions of dollars – money that goes straight to the bottom line and back to our troops in a larger MWR dividend."*



# Army & Air Force Sustainability Vision



## U.S. ARMY: SUSTAIN THE MISSION: SECURE THE FUTURE

Army commanders/leaders are instrumental to our success in building and maintaining sustainable installations. Sustainability is the foundation for this strategy and a paradigm that focuses our thinking to address both present and future needs while strengthening community partnerships that improve our ability to organize, equip, train and deploy our Soldiers as part of the joint force. It is our obligation to ensure that our Soldiers today – and the Soldiers of the future – have the land, water and air resources they need to train; a healthy environment in which to live; and the support of local communities and the American people.



## AIR FORCE SUSTAINABILITY VISION

The Air Force strategic vision is to create a culture where we incorporate energy, environment, safety and occupation health as considerations in everything we do and as central elements in the foundation for operational sustainability. In accordance with our Air Force heritage, our role as a catalyst in innovation places us in a unique position to provide leadership. In our response to energy security considerations, and the need to protect our natural resources and the well-being of our Airmen, we are implementing strategies to enable these natural and human capital assets to most effectively sustain the Air Force mission and promote operational excellence. Ultimately, we must create a culture where all Airmen make energy, environment, safety and occupational health a value in everything we do, every day and one that fosters innovation and excellence in all Air Force operations.



# AAFES Strategic Plan

As a military command with a retail mission, the Army & Air Force Exchange Service (AAFES), the Department of Defense's oldest and largest retailer, has initiated several energy-saving initiatives in an effort to reduce its impact on the environment while strengthening the benefit it provides troops and their families. AAFES facilities are implementing initiatives to reduce energy consumption in new and existing buildings.

With more than 3,100 facilities and some 11.6 million authorized shoppers worldwide, AAFES and its customers' impact on the environment cannot be overstated. Our military and civilian leadership are dedicated to ensuring

AAFES operations are taking the steps necessary to make the communities we serve better places to live, work and shop.

A key AAFES Strategic Goal is to "Build a culture of loyalty, ownership, sustainability and continuous improvement." A strategy supporting that goal is to "create an environment that expects continuous improvement." The key performance measures for this are:

- 1) reduce energy operating costs
- 2) reduce the carbon footprint
- 3) market energy-efficient products

The AAFES Energy Management Team guides our sustainability movement. The

team oversees Energy Management and Strategy, Risk & Performance, Efficiency Initiatives, and Strategic Opportunities. The AAFES Green Team is the catalyst for AAFES' Sustainability Program. The AAFES Energy Management Team, responsible for establishing the sustainability initiatives for the organization, has established six sustainability goals to help shape the future of AAFES as well as the planet.





## AAFES Six Sustainability Goals



**Reduce**

Energy Consumption



**Reduce**

Fleet Dependency  
on Fossil Fuels



**Reduce**

Water Consumption



**Increase**

Sustainable Buildings



**Reduce**

Waste



**Increase**

Procurement, Marketing, Sales  
of Environmentally-Friendly  
Goods and Services





# Reduce Energy Consumption



## MEASURING SUCCESS GUIDES SUCCESSFUL BEHAVIOR

AAFES has developed a web-based program that tracks our buildings' utilities and allows us to compare consumption based on building type. Our associates are becoming more aware that, based on the way they operate, they can control consumption and thus control their expenses.

## EVERYONE CAN MAKE A DIFFERENCE

AAFES has four energy efficiency online training courses for our store associates to show how every employee can make a difference in reducing energy and water consumption. Recently, AAFES updated our Energy Management Exchange Operating Procedure providing updated guidance for store managers.

## ENERGY EFFICIENT RENOVATION PROJECTS

One major energy improvement roll-out program AAFES has undertaken is to begin changing out our gas station canopy lighting to light-emitting diodes (LED). This lighting has proven to be 75% more energy efficient and in most cases the payback has proven to be less than three years.

AAFES has three full-time Resource Efficiency Managers who review our current building operations and recommend energy improvement projects that help contribute to AAFES reducing energy consumption and costs.

## ENERGY EFFICIENT EQUIPMENT

Energy Star Vending Machines: 20% of equipment on new soft drink vending contracts will be replaced with Energy Star equipment.

AAFES has begun using high-efficiency reach-in and walk-in coolers that are California Energy Commission (CEC) rated.

AAFES has successfully worked with many food franchises to ensure that we are using the most energy-efficient equipment available. Increased energy-efficient kitchen equipment is being installed in more than 200 fast food restaurants for an expected savings of \$741,000 by 2010.



# Reduce Water Consumption

AAFES developed a new back-of-house design for equipment and fixtures that can be incorporated into a roll-out renovation project and used for all new construction for food court facilities. The new equipment and fixtures are more energy and water efficient. With these new standards, a typical Mainstreet USA Food Court will reduce their water consumption by over 220,000 gallons a year.

These changes include the installation of high-efficiency pre-rinse spray valves, on-and-off valves on dipper wells at ice cream stores, low-flow nozzles for sinks and pressure-controlled foot pedals for hand sinks. Additionally, we are currently replacing steamers with a waterless Energy Star version and

installing Energy Star ice machines and dishwashers.

AAFES new building designs are incorporating several new items to reduce water consumption. We are installing more water efficient fixtures

in kitchens and restrooms. Additionally, wherever possible, we have also started to use native landscaping or xeriscaping around our buildings. AAFES makes every attempt to install landscaping that does not require a permanent irrigation system.





## Reduce Waste



AAFES is focusing on a company-wide approach in what we call our “Trash for Cash” program. AAFES is testing a new recycling program that focuses on packaging bi-products in a “Super Sandwich Bale.” Plastic hangers, aluminum cans, books and periodicals, cardboard and shredded paper are compressed into large bales ready for recycling. This program is currently being tested at eight AAFES facilities. The commodities recycled during the first six months of the pilot test totaled over 550 tons.

AAFES is testing a new initiative for the sale of used cooking oil and grease at facilities in Arizona and other installations in the United States. This program will recycle materials into valuable resources that

would otherwise have become waste. Our efforts will yield environmental, financial and social returns while at the same time providing energy conservation, pollution prevention and environmental stewardship.





# Reduce Fleet Dependency on Fossil Fuels



AAFES is focused on the reduction of fossil fuel dependency. We are currently utilizing bio-diesel to support our logistical fleet at 42 U.S. military installations. One of our initiatives for 2008 was to increase the utilization of bio-diesel by 1% and decrease the utilization of fossil fuel by 2%. As of August 2008, we have consumed 5% less fossil fuel and 15% more bio-diesel than August 2007.

We have concluded the Oil Purification System pilot testing and it has proven cost effective by reducing the number of oil changes, per tractor, from 8 to 1 annually. This will reduce the amount of oil for each tractor by 70 gallons per year. The estimated one year savings for 100 tractors is \$200,000 and 7,000 gallons of oil.

AAFES is also focused on our driver training program to ensure that operators understand the impact of their driving habits on fuel consumption. In addition, we have installed auxiliary power units and automatic tire inflation devices on our trailers, which will contribute

to the reduction of fuel consumption, fossil or bio-diesel.

Future initiatives include improvements such as wide base tires and trailer skirts.





## Increase Sustainable Buildings



Energy and water efficiency play a very important role in the design and building of new stores and renovations of existing stores.

Since 2007, AAFES has been actively involved with the United States Green Building Council (USGBC) to promote buildings and communities that are environmentally responsible, profitable and healthy places to live and work.

Currently, AAFES has three shopping centers that are registered seeking LEED Silver certification. These three shopping centers are also part of the USGBC LEED New Construction (NC) Retail Pilot Program. These Retail Pilot

projects are guiding AAFES' endeavor to build as green as possible while still maintaining a positive return on investment. Participating in the USGBC LEED NC Retail Pilot Program

is very beneficial to AAFES, the community and the environment. AAFES has also registered two additional projects with USGBC: one shoppette and one lifestyle center.



# Increase Procurement, Marketing, Sales of Environmentally-Friendly Goods and Services



From environmentally-friendly shopping bags to an increased selection of Energy Star appliances, AAFES continues to find new and creative ways to make the communities we serve better places to live, work and shop.

As an Energy Star partner, AAFES is able to provide guidance to shoppers in choosing high-efficiency appliances and electronics that will help them conserve energy, protect the environment and reduce utility costs at home.

AAFES currently offers more than 120 Energy Star rated items in stores, catalog and online at [aafes.com](http://aafes.com).



Additionally, AAFES has increased the marketing of compact fluorescent light bulbs (CFLs) to help customers make simple “Earth Friendly” changes with far-reaching impact on the environment. Total Unit CFL sales have increased from 21,755 to 83,421 in comparing sales for the first three quarters in 2007 to the first three quarters in 2008.

AAFES not only has increased our procurement of Energy Star products in food courts and stores, but we also use “green” custodial cleaning products. Additionally, we ensure that green practices are considered on all contracts.

The “green wave” the exchanges are riding to more efficient and

environmentally-friendly operations is even making its way to the World Wide Web as [MilitaryRecycling.com](http://MilitaryRecycling.com) is now online through the Exchange Online Mall at [aafes.com](http://aafes.com).

Earth Friendly product information, useful links and other helpful environmental information is available at [www.aafes.com](http://www.aafes.com). Customers will also find EPA Environmental Kids Club games, pictures and stories, plus tips and facts for kids who want to learn how to save energy.





# AAFES Corporate Social Responsibility: The Triple Bottom Line



PEOPLE



PLANET



BENEFITS



Printed on paper that uses at least  
30% post consumer content.



Earth Friendly and Energy Star items  
can be found on [www.aafes.com](http://www.aafes.com)