



## Harrah's Entertainment CodeGreen Programs

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### 1. Overview

Harrah's Entertainment has incorporated environmental sustainability programs into all of its properties and activities, making a fundamental commitment to the environment an integrated component of everyday business operations. Aggregated under the internal brand CodeGreen, the programs reflect the company's Code of Commitment which sets forth the standards that govern corporate relationships with guests, employees and local communities. The Harrah's Code of Commitment states it clearly: "We recognize the importance of being responsible stewards of the environment, and we're committed to environmental sustainability and energy conservation."

CodeGreen is a comprehensive best practices approach, engaging employees and partners in conservation and efficiency efforts as well as driving continuous improvement of facilities and processes to make them more energy efficient and environmentally sustainable. While fully supported by management teams and guided by a broad CEO vision and commitment, CodeGreen programs are defined, built, and implemented on a "bottom up" model: goals, proposals and decisions originate with the frontline employees who are key to the ultimate success of the efforts. Facilities Managers, grassroots employee teams, and internal communications each play a vital role in the process.

The Harrah's CodeGreen strategy addresses four major environmental pillars – water, waste, energy, and carbon reduction. Implementation encompasses company guidelines, employee evaluations,



public commitments, pilot studies, green design, procurement, volunteer and mandatory efforts, and signature public facing programs that reach out to our guests and local communities. Ultimately, CodeGreen adds value to the lives of our employees, guests, and community partners, supporting and sustaining positive local and global environmental impacts.

As the world's largest gaming entertainment company, Harrah's goal is to be the industry leader in sustainability practices and initiatives. To fully engage employees, establish transformational partnerships and achieve measurable energy efficiency, conservation, and resource management improvements, CodeGreen is designed to embed an environmental sustainability ethos into every corporate function. CodeGreen teams have been established at each of Harrah's casino resort properties, largely driven by employee voluntarism and management accountability. These teams are the foundation of the company's efforts and are particularly functional for harnessing employees' interests in reducing natural resource use, conserving energy and reusing/recycling.

And in response to both corporate direction and CodeGreen "Green Team" initiatives, Harrah's Energy and Environmental Services Department has implemented 100-plus energy conservation projects over the past 6 years. That \$60 million investment in conservation programs have significantly advanced Harrah's environment strategy with annual carbon reduction exceeding the equivalent of 80,000 round trip flights from Los Angeles to New York each year.

Because it is good for the environment and good for business, Harrah's is continuing to invest in conservation initiatives, encouraging and responding to employee involvement, and seeking changes that can be scaled up or replicated on a company-wide basis. And though CodeGreen programs are designed specifically to provide a seamless experience for guests without negatively affecting customer experiences and guest standards that are synonymous with Harrah's brands, Harrah's customers clearly appreciate our efforts. CodeGreen is not only driving sustainability, it is enhancing the value of Harrah's brands.

## 2. Program Establishment

The first significant environmental conservation programs began over six years ago as energy and environmental services was established as a corporate function. Over the past several years, when the company began to look at sustainability issues from grassroots employee perspective, one of the key decisions was to continue to harness the passion and involvement that individual employees had demonstrated.

Early efforts, named "Go Green" internally, evolved into a formal corporate-level Green Strategy team. That group of passionate executives, with full support and direction from the CEO and senior management team, identified a 20-person strategy team that aggregated and initiated the full-scale CodeGreen effort. Esty Environmental, a leading boutique firm with a business management approach to environmental program strategy, was also retained to assist the strategy team in identifying and steering productive efforts and developing plans for potential implementations that would have the greatest impacts.

The strategy team benchmarked, assessed and designed a holistic strategy with the overarching objectives of enhancing brand value, employee driven programs and operational efficiencies to promote environmental sustainability. The team also developed Harrah's internal environmental brand, CodeGreen. The brand was specifically tailored to reflect the employee-driven nature of the

company's efforts, and to underscore the company's sense of urgency in addressing climate change issues and determination to become the industry leader in environmental sustainability.

As the program took formal shape, a Green Steering Committee with representation from properties around the country formed to manage the strategy and program. Members of that committee are specifically chosen to bring in the diversity of the company's functional areas, including marketing, casino operations, hotel operations, energy and environmental services, economic planning and analysis, strategic sourcing and procurement, public affairs and government relations, corporate social responsibility, facilities management, human resources, and food and beverage. That diversity of roles underscores that the effort is not just about adding a layer of environmental responsibility – it is about fundamentally weaving an environmental ethos in every aspect of company operations. The Green Steering Committee also includes representatives from different Harrah's Entertainment brands such as Caesars, Harrah's, Horseshoe, Showboat, and Bally's.

"Green Team Leads", appointed by Senior Vice Presidents at each property, are responsible for implementing and communicating the SC programs at the local level. Harrah's CodeGreen initiatives are now a part of all 14 domestic casino brands, as well as the World Series of Poker and the Total Rewards customer loyalty program. The Harrah's Entertainment family of brands generates \$10 billion in annual revenue, and CodeGreen programs are successfully contributing to the financial bottom line, yielding over \$10 million annually in measurable savings from efficiencies, a figure that is growing quickly.

### 3. Goals and Benchmarking

In conjunction with the EPA's Climate Leaders program, we have committed to public reporting of our carbon footprint and will announce our carbon reduction goals in 2009. As part of CodeGreen, Harrah's Entertainment developed a series of benchmarks and assessments for targeting and measuring success. Stakeholder feedback incorporated into all programs. Key benchmarking and measurement for CodeGreen occurs via:

- **Energy and Environmental Services:** This corporate department analyzes capital investments in conservation programs and the yield from operations and efficiencies;
- **Employee Research:** All 85,000 employees were surveyed to provide feedback on CodeGreen programs and company performance;
- **Stakeholders:** Senior management, customers and other stakeholders participated in an assessment and surveys to drive informed strategy development and positioning;
- **Environmental Scans:** Deep dives with partner firms and trade organizations and extensive online research were conducted to assist program development, determine program elements, define metrics, and create an organizational structure for a sound environmental program; and
- **Company-wide Sustainability Inventories:** Each year, Harrah's Entertainment conducts an enterprise-wide assessment of property level activities and measures participation in environmental sustainability programs.

Sustainability at Harrah's means understanding and consistently exceeding the expectations of guests, employees, and local communities regarding how the company conducts business. Sustainability also

means leadership – the company is striving for the same kind of industry leadership demonstrated in its well-established responsible gaming and philanthropic giving programs. Twenty years ago, Harrah’s was the first casino company to address problem gambling, and it continues to set the highest standards in the industry. The company has also repeatedly been noted for setting the pace for philanthropic contributions and employee volunteerism, both at the corporate and community levels.

Given the consensus of how humankind is affecting the balance of the natural world, it would be irresponsible not to include environmental sustainability in the corporate commitments for interaction with communities. Six years ago, Harrah’s Entertainment launched a series of pilot conservation and environmental projects to make a positive difference. Today, efforts to preserve natural resources, conserve energy and water, and reduce the company’s environmental footprint are part of the daily activities of Harrah’s.

Harrah’s objective is also to lead by example, and to encourage greater participation through our business partnerships and throughout our industry. A current CodeGreen task is evaluating the means to publicize company best practices and lessons learned so that other companies may benefit. Harrah’s also applauds the efforts of competitors and others who have established their own initiatives, and welcomes inquiries to the CodeGreen teams to learn more about the implementation and results of specific projects.

#### **4. Outcomes and Environmental Benefit**

Harrah’s has invested \$60 million in the first six years of corporate driven environmental sustainability initiatives for projects that have included retrofitting buildings and installing more efficient heating and cooling systems. Most of these programs have payback periods of five years or less with an internal rate of return of 30 percent to 50 percent. The efficiencies realized to date already drive more than \$10 million in annual savings, accruing directly to the company’s bottom line.

Harrah’s is convinced, however, that the greater success has come not from the cost savings, but from harnessing the energy and ideas of thousands of motivated and empowered employees who find new ways to improve our environmental performance. CodeGreen teams are driving visibility and appreciation to employees who are not normally recognized for their leadership, including housekeepers, assistants, kitchen stewards, and facilities managers. Those are the employees who led Harrah’s efforts to win the industry’s first Regional Environmental Quality Award from the EPA.

In 2009, Harrah’s CodeGreen implementations will include an environmental program scorecard which evaluates Green Team compliance, adherence to in-room linen programs, employee engagement, and a range of energy, water, waste and carbon conservation efforts. Past measurements, such as employee opinion surveys and separate measures from property and corporate energy and conservation programs, will be aggregated on this scorecard.

Every measurement to date has demonstrated strong support for CodeGreen efforts from guests, employees and business partners. Employees are enthusiastically engaged. Resource use has gone down. And the environmental impacts are significant. For example, at the flagship Caesars Palace brand, water use has been reduced by 72 million gallons annually. Companywide, the carbon footprint has been reduced by the annual equivalent of more than 80,000 roundtrip flights coast-to-coast.

## 5. Relevance to Travel or Travel Industry

The casino resorts of Harrah's Entertainment offer 1.5 million square feet of convention and meeting space, 40,000 hotel rooms, and Total Rewards, the most successful customer loyalty program in the industry with 40 million members from around the world. Through a variety of brands, including Caesars, Harrah's, Horseshoe and the World Series of Poker, company offerings include a host of high-end restaurants and celebrity chefs, one of the highest yielding retail centers in the US (Forum Shops at Caesars) and legendary entertainers such as Cher and Bette Midler. Harrah's Entertainment is the world's largest provider of gaming entertainment, with operations on five continents, and our leadership and visibility regarding environmental sustainability sets the pace for this large segment of the travel and tourism sector.

Harrah's research shows that its customer base reflects the growing desire for hospitality companies to be green. Before this trend was identifiable, however, Harrah's properties and employees were engaging in early efforts to protect the environment. Years ago, they were looking for ways to reduce waste, conserve energy and manage the resort facilities more efficiently. Through the bubbling up of ideas, an employee at Harrah's Las Vegas introduced the first comprehensive waste management and recycling program in the City.

But just as Harrah's guests are interested in and supportive of green initiatives, they are also seeking the traditional luxuries of casino resorts: to be pampered and taken care of. Some initial efforts to include environmental measures failed. Several years ago at one of the company's mega-resorts, low flow fixtures were installed in all guest rooms. Unfortunately, the technology wasn't yet up to par, and based on customer feedback and complaints, all the low-flow fixtures were replaced. Newer advances, however, have made such switchovers seamless to the guest experience Harrah's seeks to provide. At Caesars Palace, a more recent conversion of showerheads to low flow fixtures, along with landscaping retrofits, removed 30,000 square feet of sod and 3,500 low flow showerheads last year alone, reducing water consumption by 31.1 million gallons annually without lowering the standards of extreme luxury that define that brand.

While many of Harrah's CodeGreen implementations to date have been behind the scenes, newer efforts are reaching out to guests in more prominent and visible ways. The carbon footprint of the 2008 World Series of Poker was offset by investments with NativeEnergy, yielding more energy efficient and environmentally sustainable farming. Conference and meeting organizers can now choose to make similar investments to offset their groups' trips to Las Vegas. Planning for the next steps of CodeGreen will ensure that even more of Harrah's sustainability efforts are highlighted during guest visits, even as the results of those efforts increase the positive impact on the environment.

## 6. Real World Example

Guests at any of Harrah's fifty properties around the world can start their trip by mitigating the carbon footprint of that visit by buying credits via NativeEnergy, Harrah's carbon offset partner. Visit <http://www.nativeenergy.com/harrahs/>. Carbon offsets are an increasingly utilized, easily accessible and economical approach to address pollution and climate change.

Arriving at a Harrah's Entertainment property, guests may not see the full scope of the investment and effort that is already occurring to help the environment throughout their visit. Some things guests never see – the on-site energy generation built to reduce the use of fossil fuels, the laundry facilities

equipped with technology to dramatically reduce water consumption, the kitchens and back-of-house areas retrofitted with energy efficient equipment, and the waste stream reuse and recycling programs. Guests looking closely may note low-flow fixtures in their guest rooms, energy efficient bulbs installed in millions of lighting fixtures, or landscaping designed to be harmonious with the natural environment.

Those same guests might be more likely to notice that housekeeping turns off lights, turns down thermostats, and only changes linens and towels every day upon request. They may dine in a restaurant that is participating in the “Water Upon Request” program, where water is not pre-set at the table to help reduce consumption. They might even notice the exterior lighting at a resort that has been through the Harrah’s Power Down campaign, replacing wasteful bulbs with more efficient ones and targeting the lighting for better illumination even while decreasing energy usage.

When they check out, however, Harrah’s guests can rest assured that throughout their visit, Harrah’s employees were participating in CodeGreen, reducing the environmental impact of nearly every aspect of their experience. And they will have a commitment that Harrah’s will be doing even more by the time they visit again.

