

Apollo Group 2013 Sustainability Report

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Operations

Goal: Nationalize facilities management sustainability program

- Target: By June 30, 2014, establish national portfolio baseline of key performance indicators to set national program goals.
 - Actions taken:
 - Created and published facilities national playbook, which provided guidelines, processes and templates to achieve sustainability goals and encouraged employee engagement for facilities across the country.
 - Conducted nationwide surveys of facilities to gauge opportunities to achieve environmental goals.
- Target: Continue to focus on maturing execution in each life cycle phase: Acquisition, Design & Build, Facility Management and Decommissioning
 - Actions taken:
 - In January, 2012 implemented a "Green Lease Rider" to cover the life-cycle of the lease and support the guidelines being defined in the RE&F Playbook, includes:
 - Landlord (LL) investment cost/savings pass-through in operating expense and expectations of reductions and/or certifications.
 - Annual reporting from LL and reduction goals.
 - Recycling programs in place for daily operations and construction
 - If bldg. has been LEED certified, LL responsible to maintain the certification
 - Since implementation, we have achieved green lease language in 3 new leases and several renewals. In addition, selected a LEED certified building, at 9600 NE Cascade Station Parkway, Portland, OR for our Portland Learning Center.
 - In May 2012, approved an initiative from our Albuquerque Landlord for a Solar Panel project; this project along with the previous LEED construction will achieve a LEED certified building.
 - In February 2012, received LEED certification for new Columbus, Georgia Campus.
 - University of Phoenix Headquarters resides in LEED Gold certified (core and shell) buildings.
 - New Oakland site is LEED Gold
 - New Las Vegas site is LEED Silver
 - Developed restroom remodel standard that reduces water, energy and consumable product consumption. Specifications include installation of lighting motion detectors, Sloan motion sensor faucets with low-flow aerators, low-consumption toilet flush valves, and Dyson hand dryers in addition to paper towel dispensers.

- 42 restrooms across 6 buildings have been installed with motion detection lighting switches and hands-free faucets with low-flow aerators.

Greenhouse gas emissions/energy

Goal: Reduce energy consumption and greenhouse gas emissions (GHG)

- Target: By December, 31, 2013 reduce energy consumption by 3% below 2011 baseline for Phoenix metro Portfolio office buildings.
 - 2012 update: 73% to goal – 2.2% reduction achieved to date
 - Actions taken:
 - Established a baseline from 2011 utility bills for locations Apollo pays utility companies directly and made an effort to solicit utility information for property management where utilities are not paid by Apollo.
 - Conducted energy evaluation of 21 Phoenix buildings using a certified energy manager.
 - Launched 28 lightning projects to be completed by December 2012, resulting in an estimated annual KW reduction of 2,780,000.
 - Completed assessment of a utility sponsored retro commissioning program on 3 Riverpoint buildings for project execution by end of FY 2013 resulting in an estimated KW reduction of 1,212,007
 - In June 2012, implemented adjusted temperature of domestic hot water to a standard set point. New set point will be implemented in in all buildings where Apollo is responsible for maintenance of hot water fixtures within the Phoenix metropolitan area except for hot water supplied to fitness centers and café kitchens.
 - Implemented temperature standard set points in all buildings where Apollo is responsible for maintenance of the HVAC systems. Set point adjustments will result in significant energy savings in our Phoenix metro portfolio.
 - In May 2012, all replacement bulbs for our 32 Watt T8s will utilize low wattage T8s. The replacement 28 Watt T8s provide energy saving. Participate in energy demand reduction program for two Phoenix Riverpoint buildings through collaboration with Phoenix utility company and outside vendor; participated in two energy “events” equaling a total 215 kWh reduced in 2010 and 204kWh in 2011.
 - Riverpoint participated in energy demand response load shedding events in 2012 and 2013. In 2013, the event shed an average of 265 kWh, a total of 18% more than requested. In 2012, the event resulted in an 89% of the targeted KW reduction goal.
- Target: By December 31, 2014, have 25% of Phoenix portfolio Energy Star certified.
- Target: By August 31, 2012 establish baseline for Power Usage Efficiency (PUE) for largest Phoenix data center.

- Update: PUE established at 3.03 and reduced to 2.12
- Target: By June 30, 2013, based on the PUE baseline and other benchmarks, establish a PUE target and goal and deadline for achieving such target and goal.
 - Update: Reach goal PUE of 2 by December 31, 2013
- Target: By December 31, 2012, reduce energy consumption in largest data center by over 900,000 kWh through energy reduction projects.
 - Updates:
 - Largest data center has become more efficient since implementation of energy saving solutions. The non-IT load power consumption dropped from 7,154,705kWh to 6,308,791kWh from July '12 to March '13. This is a reduction of 845,914kWh. The 900,000kWh goal can be reached by hitting our PUE target of 2. This is a substantial savings in energy consumption even though IT load increased from 2,592,083kWh to 3,142,212 during the same time period. The increase in IT load can be attributed to data center consolidation and growth of the IT infrastructure in general to support the data center.
 - Server virtualization goal of improving energy efficiency through new virtual infrastructure environment targeted for implementation by July, 2013.
 - Decommissioned 916 servers since January, 2011.
 - Installed blanking plates (cold plate) in the two major data centers as well as variable speed motors.
- Target: By December 31, 2012, reduce greenhouse gas emissions (scope 3) due to corporate travel by 16% below 2011 Scope 3 emissions levels
 - Updates: The information received from our corporate travel suppliers in the car rental space shows a reduction in 2012 of 6.3%.
- Target: By December 31, 2012, increase renewable energy credits and verified emissions reductions from Green-e certified provider to equal or exceed total actual calculated Scope 1 and Scope 2 greenhouse gas emissions.
 - Updates: VERs exceeded goal. Total calculated Scope 1 calculated greenhouse gas emissions for 2012 equal 840.96 MT CO₂e. Total VERs for 2012 equal 2830 MT CO₂e. RECs met goal: Scope 2 greenhouse gas emissions for 2012 were 93,059.64 MT CO₂e. Total RECs for 2012 equal 92,906 MWh.

Yearly Offset Purchases¹

| Emissions Category | Purchased in | Purchased in | Purchased in | Purchased in |
|--------------------|--------------|--------------|--------------|--------------|
|--------------------|--------------|--------------|--------------|--------------|

¹ University of Phoenix ranked among the top 20 on EPA's list of college and university involved in the Green Power Partnership program. See www.epa.gov/greenpower/toplists/top20ed.htm Apollo Group does not calculate net emissions in relationship to offset purchases

| | 2009 | 2010 | 2011 | 2012 |
|--|------------|------------|----------------------------|----------------------------|
| Renewable Energy Credits (RECs) ² | 47,000 MWh | 62,664 MWh | 68,931 MWh | 92,906 MWh |
| Verified Emissions Reductions (VERs) | - | - | 2,830 MT CO ₂ e | 2,830 MT CO ₂ e |

Waste

Goal: Achieve 20% Phoenix diversion rate by December, 2013

- Target: By December 31, 2013, 100% of Phoenix locations to have single stream recycling programs.
 - Update: 81% to goal. To date, 17 of 21 Phoenix facilities have single stream recycling programs.

Actions taken:

- Eliminated paper plates and plastic silverware in employee break rooms to promote sustainability in the workplace
- Installed Dyson hand dryers in 6 buildings during Phoenix restroom renovations to reduce paper waste
- Utilizing local organic produce and food products when feasible.
- Use of Pepsi Dream Machine^{®1} recycling kiosks.
 - Since its inception in 13 Phoenix sites, recycled more than 250,000 plastic and aluminum cans, diverting more than 12,600 pounds of waste away from landfills.
- 148 pounds of ballasts recycled
- 2,587 pounds of linear fluorescent light bulbs recycled
- 2,250 pounds of mixed use light bulbs and ballasts recycled post lighting project.

¹ Dream Machine is a registered trademark of PepsiCo, Inc.

- Target: Reduce waste through improved business operations.

Actions taken:

- Re-bid food service provider in February 2013 with focus on sustainable practices, including:
 - Use of local produce
 - On-site herb garden
 - Monterey Fish watch list
 - Use of sustainable to-go containers and packaging materials

² Green-e Energy National Voluntary Renewable Energy Credits

- Food waste reduction Key Performance Indicator (KPI) (waste reduced from 8% to 5%) included in food service contracts.
- Institutional scholarship application process transitioned to 100% electronic process beginning January 1, 2013. Average annual scholarship applications in excess of 5,000 for more than 700 scholarship opportunities.

Goal: 100% of electronic assets disposed of in environmental sound manner.

- Target: Maintain domestic e-waste disposal through BAN-certified e-Steward vendors at 100% of disposed e-waste.
 - Update: 2012 e-waste disposal through BAN-certified vendors include:
 - 27,808 assets
 - 351,178 pounds
- Target: Ensure donated assets receive environmentally friendly disposal at end-of-life.
 - Update: 2013 established relationship with non-profit Good360 to place asset donations with vetted non-profits. Recipients of Good360 donations agree to ensure responsible disposal at assets' end-of-life.

Goal: Identify other opportunities to reduce waste across the organization.

- Target: Through Apollo Corporate Social Responsibility (CSR) Council, encourage division leaders to identify opportunities to reduce environmental impact, including waste, water and energy.
 - Update: 2013 – Human Resources transitioned to electronic pay stubs as default setting for all employees, with paper stubs only available as “opt-in” option.

Water

Goal: Reduce Phoenix locations water consumption by 20%.

- Target: Establish Phoenix metro baseline water consumption and identify reduction opportunities by end of December 2013.
 - Updates: Began water reduction measures at Riverpoint headquarters location:
 - Will use damaged trees being removed from the property as mulch for beautification and water conservation.
 - Capped over 450 open drip lines saving approximately 35,100 gallons of water annually.
 - Evaluating overwatered areas and damaged irrigation lines for the same purpose of water conservation.
 - Utilizing xeriscaping to reduce water consumption for landscaping.
 - Converted approximately 1,500 square feet of turf to granite for a water conservation effort in 2012 with an estimated annual water savings of 692,520 gallons.
 - Installing Smart Irrigation Controllers at 5 properties resulting in an estimated savings of 9,890 CCF (7,397,720 gallons) per year.

- Renovated bathrooms and installed automatic sensors for soap and faucets in 6 buildings.

Indoor Air Quality

Goal: 100% of Phoenix locations to maintain air quality that exceeds ASHRAE standards.

- Target: Assess Apollo Phoenix metro buildings against LEED & ASHRAE standards by June 30, 2014, and evaluate opportunities for changes in 2014.
 - Updates:
 - Established janitorial standards for use of green chemicals in all buildings for general cleaning and hard floor care.
 - Upgraded Phoenix portfolio filter standard to pleated MERV 8.
 - Added portable air scrubbers to our environmental resources.

Procurement

Goal: Enhance program for environmentally responsible procurement and supply chain management.

- Target: By October 1, 2012, initiate a survey relating to environmentally responsible indicators of the company's largest suppliers, with a target collectively of capturing in the survey suppliers that constitute 80% of the company's expenditures with respect to suppliers.
 - Updates: We have developed a corporate responsibility questionnaire in 2012 that will be issued to our top suppliers in Q4 2013. This is a robust questionnaire covering most major aspects of corporate responsibility, and will be issued monitored and reported on through our supplier relationship management tool.
- Target: By June 30, 2013, based on survey results establish baselines for environmentally responsible indicators by vendors, including percentage of suppliers that have external environmental certifications.
 - Updates: We are developing our strategic supplier database – in order to prioritize the top 80% spend for Apollo group. Once the strategic supplier portfolio has been developed, we will issue the corporate responsibility questionnaire to those organizations. This is now scheduled for calendar year end 2013.
- Target: By December 31, 2013, based on analysis of baselines, consider setting additional targets related to percentages of suppliers who achieve various indicators of environmental responsibility.
 - Updates: based on the analysis from the responses of the questionnaire from our top suppliers, we will look into thoughtfully considering a program to match the environmental successes of these suppliers to subsequent sourcing opportunities. The target date for this effort is the end of Q3 of fiscal 2014.

- Target: By August 31, 2012, require prospective suppliers as part of the company's RFP process to complete the environmental responsibility survey.
 - Updates: the environmental responsibility survey is now included as part of all RFP activity. It has been built into our corporate sourcing template for RFPs.

- Target: By December 31, 2013, reduce U.S. paper consumption by 10% compared to 2011 levels, increasing use of two-sided printing compared to 2010 levels.
 - Updates: All corporate paper purchases are monitored on a monthly basis by our supplier partners and reported on. For fiscal year 2013, comparison report will be produced which will reflect overall yearly savings.

- Target: Include sustainability parameters in new food service contracts.
 - Updates: Sustainability measures included as part of new food vendor contract.
 - Transitioned to Fair Trade certified coffee in Phoenix cafes and break rooms.
 - Café focuses on locally sourced ingredients when feasible.
 - Contract statement for environmentally and eco-friendly and recyclable materials

- Target: Include sustainability parameters in new food service contracts.
 - Updates: Sustainability measures included as part of new food vendor contract.
 - Transitioned to Fair Trade certified coffee in Phoenix cafes and break rooms.
 - Improved café practices including:
 - Buying local products to support family farms
 - Serving seafood that comes from sustainable sources
 - Promoting Certified Humane cage-free eggs
 - Purchasing poultry produced without the routine use of human antibiotics
 - Providing milk that is free of artificial growth hormones
 - Implementing waste reduction practices to minimize environmental impact
 - Offering packaging made from renewable resources
 - Featuring social and ecological certified coffee
 - Customer Nutrition, Health & Wellness

Employee Education & Engagement

Goal: Enhance programs for employee environmental education and engagement

- Updates:
 - May, 2012 began to pilot official program Alternative Workplace Solutions with telecommuting options.
 - 2013: Installed EV parking in three Phoenix parking charges at no cost to employees to encourage less reliance on fossil fuel vehicles.

- 2012: Employees logged more than 1,100 hours of service to environmentally related projects.

Community Engagement

Goal: Expand philanthropic partnerships to increase the number of people benefiting from environmental education, green entrepreneurship and sustainable community investment.

- Updates: See our 2012 Corporate Social Responsibility report for a list of our partners and a highlight of our work: <http://csrreport.apollo.edu/sustainability/>