

THIS IS WHY



Sustainability Report 2014



We are pleased to issue our first annual sustainability report with goals and commitments to becoming even more environmentally and socially responsible. In this video, our Sustainability Maven, Sarah Martinez, describes this important milestone and why we are so excited. Save this PDF to watch the video above.

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LETTER FROM THE PRESIDENT



IAN JACOBSON
PRESIDENT
ECO-PRODUCTS

Dear Eco-Products Stakeholders,

It's an honor to present to you the first edition of *This is Why: The Eco-Products Sustainability Report*. In these pages you will find the results of measurement activities that have been ongoing in our company for the past several years. Since early 2010 we have set out to measure all of the environmental impacts associated with our business operations, in addition to the impacts associated with producing the products we make and sell to foodservice operations and consumers all over North America and beyond.

We've been using the information we know about our products –measuring impacts down to the exact SKU level – to help our customers understand the role that foodservice packaging plays in their own respective footprints. Foodservice operators who use Eco-Products sustainable packaging like sports stadiums and corporate campuses now have the ability to report to their stakeholders on the exact impacts associated with their packaging, something that has become increasingly important in this new era of Corporate Social Responsibility (CSR) reporting.

But measurement without any plans for mitigation leaves us well short of our goal of reducing the impacts foodservice disposables have on the environment. While it helps our customers to understand their packaging impacts, our hope is to help set goals for the management of those impacts and, hopefully, see them come down over time. That's exactly what you will find in this document as we set those same expectations for ourselves.

A few of our stated goals are:

- A commitment to move continuously towards a net zero electricity HQ. Until we get there, we'll invest in high quality offsets to balance our emissions
- A commitment to achieve a 90% waste diversion rate at our corporate headquarters
- A commitment to draft a sustainability code of conduct for our manufacturing partners

We'd like to send our thanks to everyone who has supported Eco-Products and our mission over the last 24 years. It means a lot to us that you care enough about our business and our planet to support products like ours, and to engage with reports like this one in hopes that we can continue to lessen the impacts associated with foodservice disposables, one cup at a time.

A handwritten signature in black ink, appearing to be 'IAN JACOBSON', written in a cursive style.

“ It means a lot to us that you care enough about our business and our planet to support products like ours, and to engage with reports like this one... ”

SUSTAINABILITY & THE ECO-PRODUCTS VALUE PROPOSITION

It shouldn't be particularly surprising that we try hard to run our company in sustainable ways. Marketing 101 tells you that a brand like ours would never work in the long run if we didn't find ways to practice what we preach. We, and others, call this *walking the talk*, and it is a crucial part of how brands like ours gain credibility with customers and other audiences.

As awareness of environmental sustainability grows, we are thrilled to see more and more companies measuring and reporting on their environmental impacts. Many of these companies offer products and services whose benefits live outside the realm of green, meaning that sustainability attributes are not the primary driver in customers' purchasing decisions. While American consumers are growing more and more aware of sustainability issues and are making purchasing choices accordingly, the dominant model of consumption is still closer to – “if the burger tastes good I'll eat it”, and “if the shirt looks good, I'll wear it”. In fact, some of the greenest companies we admire are doing things that many of their customers know little to nothing about, not because their initiatives are not impressive, but because sustainability just doesn't figure into their core value proposition.

Of course, we are in the opposite situation. Sustainability is core to our brand, meaning that our efforts to be environmentally and socially responsible play a large role in our customers' decisions to work with us. We therefore not only have to make products that perform well, have great aesthetics, and are reasonably priced, but it is absolutely crucial for us to deliver our brand promise in a way that is mindful of the earth and future generations. This is what our customers expect of us and what we expect of ourselves.

The tough part is that we are not and will never be perfect. Some of our impacts are within our direct control to affect, and some of our impacts we influence minimally. What we know for sure is that the best way to manage any of our impacts is thorough measurement combined with public goal setting. Our shareholders would never let us operate without measurable financial targets, and we think the rest of the world ought to have some metrics to measure us by as well.

The idea is to update this report every year going forward, so we hope you'll think of us around Earth Day next year and check back to see how we are doing. We can say with confidence that some things we'll do well with and others we'll kind of suck at – that's just the way it works. In the meantime, we can promise you that we'll be working as hard as we can to walk the talk for you – it's the only way we know how...

Wally



WENDELL SIMONSON
VICE PRESIDENT OF MARKETING
ECO-PRODUCTS

“ What we know for sure is that the best way to manage any of our impacts is thorough measurement combined with public goal setting. ”

OUR APPROACH AND COMMITMENTS

We've been telling people for years that we're not a disposable products company trying to act green, we're a green company who happens to operate in disposables. In order for this to be true, we have to do more than make great sustainable products for the foodservice industry – we have to make sure that we are doing everything we can to manage the impacts our business has on the planet. To that end, we have developed a framework to help us determine exactly where our problems might lie, and where our opportunities might be.

The process of generating a framework like this is a gut check for any business. It forces you to look in the mirror and be honest about what is important from an environmental as well as a social perspective. Often times there is a natural tension that evolves between the issues that matter most for the future of the planet, and the inherent requirement of a growing businesses to be consuming resources and generating byproducts associated with that consumption. We have landed on three core elements of this framework that you will see referenced throughout this report.

Aeris



The first we call “Aeris”, which comes from the Latin word for “air”. This part of the framework is all about accepting the threat of climate change is among the greatest issues we face today, something that is important to us – important enough that we have been measuring all of the emissions associated with our operations and our supply chain for years now. What's new is that we are going to start setting targets for managing those emissions for the first time in this report.

Utis



The second we call “Utis”, which comes from the Latin word for “use”. This part of the framework is all about recognizing that using resources wisely and limiting waste is important to us – in our operations, in our supply chain, and in how our products are designed and disposed of. For the first time we are setting goals around managing these aspects of resource consumption and waste minimization.

Populis



The third we call “Populis”, which comes from the Latin word for “people”. This part of the framework is all about valuing the employees, suppliers, and communities who enable us to deliver innovative sustainable foodservice products and services to businesses and consumers all over North America. We'll make new commitments to Eco-Products employees and other stakeholders in this report as well.

In sum, we are putting some stakes in the ground where they have not been before. While we may have been conceptually committed to this for years now, we didn't feel right about not setting some public facing goals for managing our impacts in these areas. We also didn't feel right about calling ourselves “a green company who happens to operate in disposables” until our goals were out there for everyone to see and to hold us accountable as we walk the talk.

OUR APPROACH & COMMITMENTS

Aeris



Achieve a net zero electricity HQ. Until we get there, invest in high quality offsets to balance our emissions.

New policy: Eco-Products employees will rent only economy or compact cars when local driving is involved. When highway or group travel is involved, employees may rent up to a midsize at their discretion.

In 2014, each sales department staff will participate in at least one meeting per year virtually, which they would otherwise fly to.

Utis



By 2017, we aim to increase HQ waste diversion to 90%.

By 2017, reduce HQ water consumption by 10%; restore the balance every year through high quality water restoration certificates.

In 2014, complete an analysis on the opportunities, costs, and implications associated with reducing the environmental impact of packaging used in product distribution.

In 2014, review the business implications of phasing out our Plant Starch Cutlery and 100% virgin polypropylene soup cup lid.

Continue to research new materials that offer real environmental benefits for our products. In 2014, we will actively participate in Iowa State's Center for Bioplastics and Biocomposites.

Continue to participate in industry efforts to address end-of-life challenges, such as the USCC Compostable Plastics Task Force and FPI's PRA/PRG.

Populis



In 2014, brand and reassess our community engagement program.

In 2014, review employee benefits and current engagement efforts, and identify ways to deepen employee engagement.

In 2014, draft a supplier sustainability code of conduct, and share with key suppliers for feedback.

In 2015, finalize code, have suppliers sign it or develop plan for getting there.

In 2016, incorporate environmental and social criteria into factory audits.

OUR IMPACTS

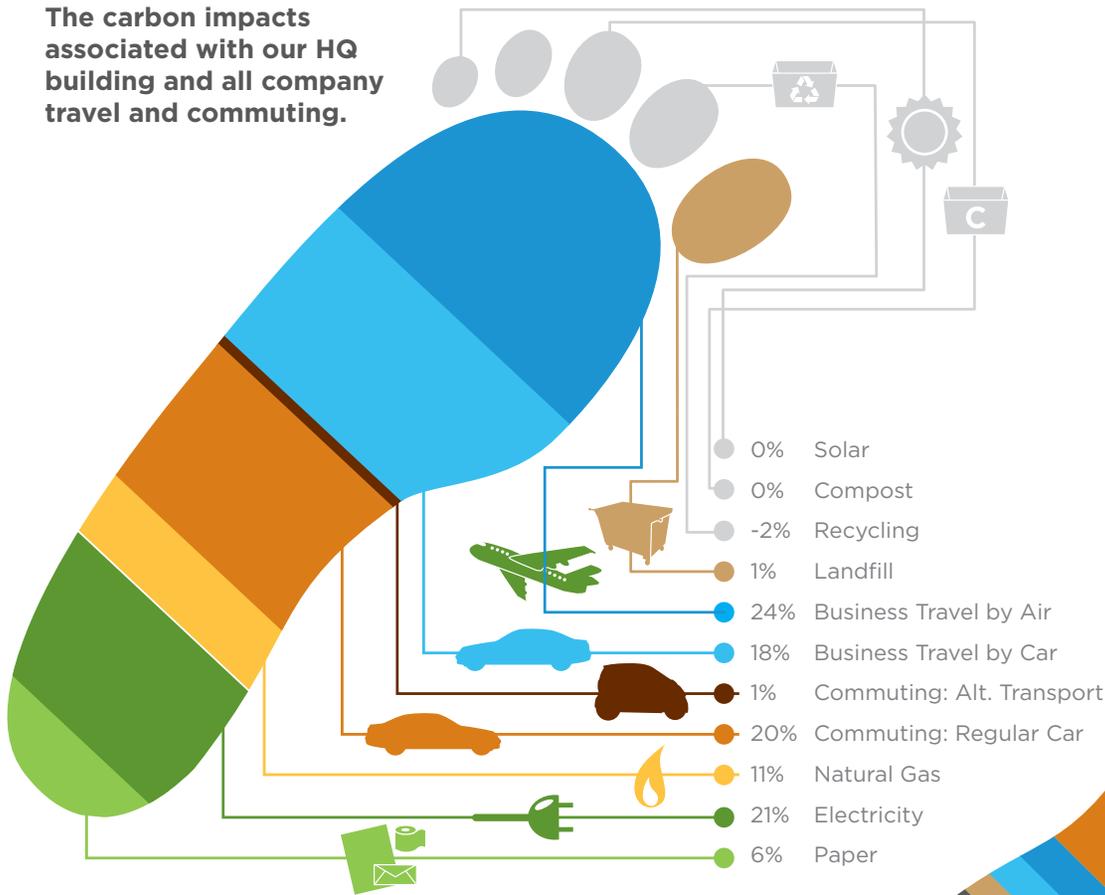
You know the over-used saying, “You can’t manage what you don’t measure”. That’s why we invest significant resources in measuring the impact not only of our operations, but of our products as well, across their entire lifecycle. While we might have a sense of where our impacts lie, we don’t want to make any assumptions. Throughout this report, we provide insight into the various components of our footprint and what we’re doing about them.



OUR IMPACTS

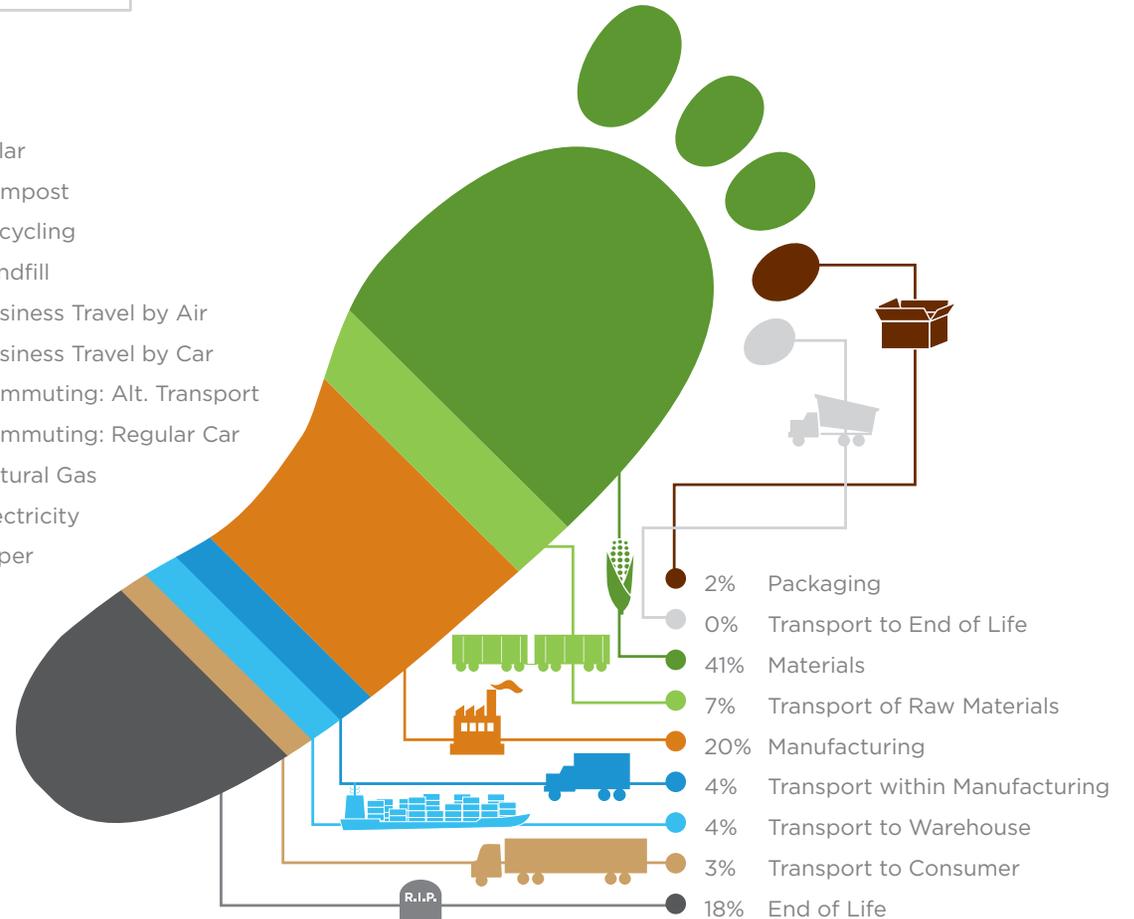
Our Operations

The carbon impacts associated with our HQ building and all company travel and commuting.



Our Products

The carbon impacts associated with the manufacturing, transport and disposal of our products.



OPERATIONS



Commitments

ENERGY



Achieve a net zero electricity HQ. Until we get there, invest in high quality offsets to balance our emissions.

WATER



By 2017, reduce water consumption by 10% and restore the balance of our consumption every year through high quality water restoration certificates.

WASTE



By 2017, increase our waste diversion to 90%.

TRAVEL



New Policy: Eco-Products employees will rent only economy or compact cars when local driving is involved. When highway or group travel is involved, employees may rent up to a midsize at their discretion.

TRAVEL



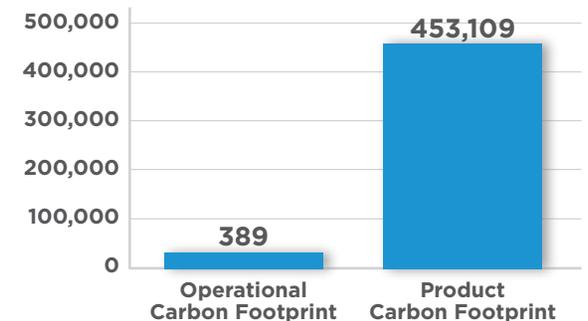
New Benefit: Offer the Eco-Pass bus pass to Boulder-based employees.

Our headquarters in Boulder, Colorado, is home base for our 50 employees, with the exception of 8 sales staff working remotely throughout the U.S. When calculating our operational impact, we include the carbon dioxide equivalent emissions of: HQ energy consumption, HQ waste generation, all business travel, HQ employee commuting, and HQ paper consumption. We also track our HQ water consumption.

When comparing the impact of our operations to the impact of our products, we were not surprised to see the impact of our operations was smaller than the impact of our products, but we were surprised at the extent of the difference:

Even though our operational footprint is much smaller than the footprint of our products, we believe it is important to lead by example and continually strive for improvement. As we work to increase our efficiency, we balance environmental implications with financial and operational considerations – an on-going discussion nearly every company is having on its sustainability journey.

2013 Carbon Footprint (MT CO₂e)



Challenges and Opportunities

We work to be as efficient as possible, but certain impacts are inevitable. To balance that, we invest in high-quality carbon offsets through Renewable Choice Energy and water restoration credits through the Bonneville Environmental Foundation. These investments offset the impact of our HQ energy and water consumption, waste generation, business travel, employee commuting, and paper consumption.



renewable choice
ENERGY



BONNEVILLE
ENVIRONMENTAL
FOUNDATION



HQ Energy and Water



We don't own our headquarters building, so decisions related to investments in our facility take into account our landlord relationship and lease terms, as well as environmental results. We worked with Boulder County in 2013 to gain greater insight into our HQ energy and water consumption. Opportunities included more efficient lighting, heating & cooling, and water fixtures. We invested in upgrading a substantial portion of our HQ lighting to T8 fluorescents, LEDs, and dimmable lamps. We also began researching opportunities related to heating and cooling, which is a much more capital-intensive investment. To reduce our dependence on fossil fuels, we installed solar panels on our building in 2008. These panels generate enough electricity to cover half of our building's consumption.

Our goal is to achieve a net zero electricity HQ building. While we may never get there, we recognize that this aspirational goal is what everyone should be working towards. We will continue to explore and take steps big and small. For emissions we can't avoid, we will continue to purchase third-party verified carbon offsets.

Carbon Offsets: We purchased 390 metric tons of carbon dioxide equivalent offsets (verified under the Voluntary Carbon Standard) from the Larimer County Landfill through Renewable Choice Energy. Municipal solid waste landfills are the third largest source of methane emissions in the United States, and methane is over 20 times more potent of a greenhouse gas than carbon dioxide. Rather than let methane escape into the atmosphere, the Larimer County Landfill is burning this gas to make electricity – the amount of electricity used by approximately 900 homes in one year. We like that.

Water Restoration Credits: We purchased water restoration credits from the Bonneville Environmental Foundation and restored 183,000 gallons of water to the drought-threatened Yampa River near Steamboat Springs, Colorado. This river was experiencing extremely low water flow, threatening fish populations, local economic activity such as fly-fishing, and local agriculture. Through an innovative water lease project, water was released from reservoirs into the Yampa River to benefit the health of the river and its downstream stakeholders. This project was certified by the National Fish & Wildlife Federation's strict criteria to ensure optimal environmental benefit. While we cannot deny the impact of our operational water consumption, we feel it is important to invest in water-related projects such as this to help balance our impact on this crucially important resource.



SARAH MARTINEZ
SUSTAINABILITY MAVEN
ECO-PRODUCTS

“ We would love it if we didn't need to use offsets, but until we can generate all the energy we need from renewable resources, third-party verified carbon offsets are a way to support important projects and balance the impacts we haven't yet figured out how to avoid. ”

OPERATIONS

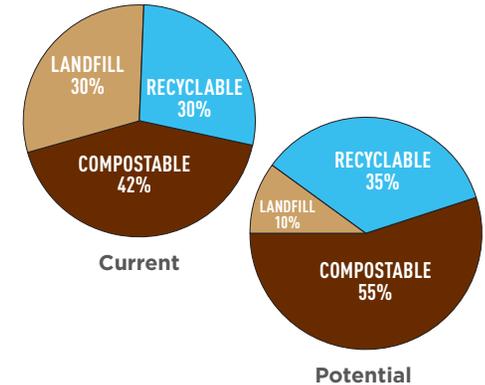


Waste

For the past several years, our HQ waste diversion rate has hovered around 60%, meaning that we recycle or compost over half of the waste we generate. That's pretty good, but we think we can do better and wanted to learn more. In 2013, our compost provider, Eco-Cycle, conducted a waste audit of our HQ. This uncovered the opportunity to get to 90% waste diversion through better sorting of waste and new practices such as the recycling of plastic films, including bags. We will train current and new staff on proper waste management as well as pilot plastic film recycling in 2014. One challenge we face is that our trash and recycling provider, Western Disposal, does not weigh or otherwise measure how much we generate; they estimate based on container size. However, Eco-Cycle weighs our compost. This difference in approach is a barrier to understanding exactly how much we generate and divert from the landfill based on their reports. That's why we will conduct another in-depth waste audit later in 2014 to measure our progress.



Waste Diversion Rates



Vehicle Travel

We rent cars. All the time. We assume average fuel efficiency when calculating our carbon footprint based on rental car miles. We do not take vehicle size into account. Nonetheless, we are implementing a new policy to rent compact or economy cars while on business travel. If group travel or significant highway miles are involved, employees may rent up to a midsize at their discretion. While we won't be able to quantify the impact of this policy, we know that renting more fuel efficient vehicles is important and the right thing to do. (For information on our air travel, see the "Sales" section.)



Auditing our waste



Commuting

Our HQ staff commutes from home. To encourage more efficient commuting, we offer a financial incentive for those who travel to work via carpool, a fuel-efficient vehicle, bicycle, bus, scooter, or their own two feet. To further incent better commuting, we will begin to offer HQ employees the Eco-Pass, which is a company-paid benefit allowing free access to Denver/Boulder area mass transit system.

40%
OF OUR EMPLOYEES HAVE TAKEN
ALTERNATIVE TRANSPORTATION
TO WORK

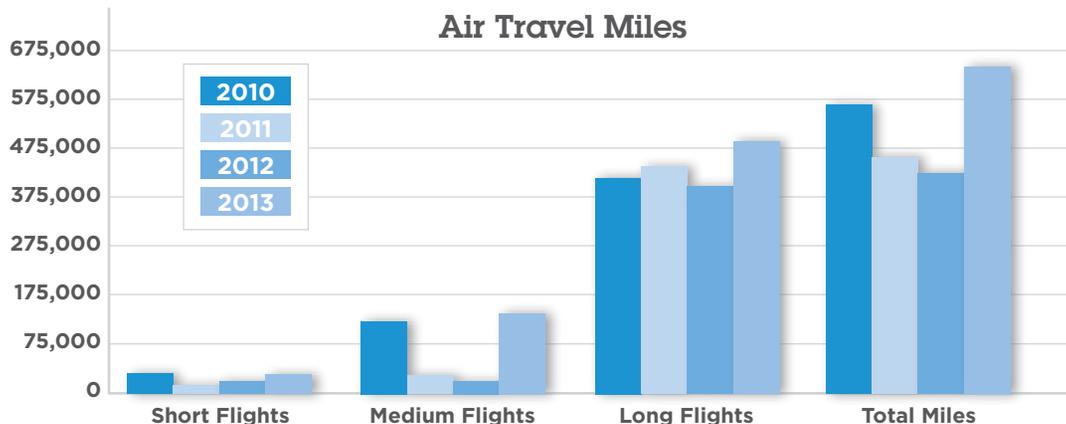


We have eight regional sales reps covering the U.S., plus one rep dedicated to the office channel and another dedicated to emerging chains. These company ambassadors all manage large, multi-state regions requiring them to travel extensively all year long. That’s why company travel is the biggest contributor to our operational carbon footprint.

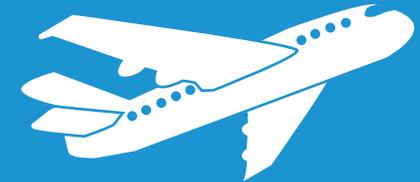
Challenges and Opportunities

When it comes to the environmental impacts of our sales process, the bulk of our impact is in travel. At the same time, it is through our sales efforts that we drive operator conversion to more sustainable foodservice packaging, connect to customer sustainability initiatives, and make a bigger impact. This is a balance of which we are mindful when thinking about how to reduce this part of our footprint.

In 2014, we are asking our sales reps to attend at least one meeting virtually to which they would otherwise fly. Conference calls, GoToMeeting Meeting, Skype, and video conferencing are all ways to connect with stakeholders while having a relatively minimal carbon impact. We recognize the importance of face-to-face interaction, but there is likely opportunity to utilize technology in certain circumstances. Until we make a concerted effort to explore this, we won’t know how much potential we have for reducing air travel. After consciously trying to fly less, we will analyze what kind of long-term commitments we can make in our sales operation.



Commitment



Air travel is a huge part of our carbon footprint, But relationships and face-to-face meetings are important for our business.

In 2014, each sales department staff will participate in at least one meeting virtually, to which they would otherwise fly. The sales department will then assess any lasting commitments to reduced flying.

PRODUCT DESIGN

Our products fall into two main categories. The GreenStripe® line is made from renewable resources, while the BlueStripe™ line is made from post-consumer recycled content. We offer both platforms to give our customers choices in reducing the environmental impacts of their foodservice packaging.

Several years ago, we identified criteria to guide our approach to new product development and ensure we are staying true to our brand. These criteria still hold true today. For our GreenStripe line, we only design new products that contain 100% renewable resources. For our BlueStripe line, we strive to ensure all of our new products contain the industry-leading percentage of post-consumer content for that product type. To the best of our knowledge, this is true for the items that comprise our BlueStripe line today.

Challenges and Opportunities

Genetically Modified Organisms (GMOs): We know GMOs are a big concern for many. GMO impacts on biodiversity, human health, crop yield, and water consumption are the source of a contentious debate. Much of the corn grown in the U.S. is genetically modified. In fact, unless corn is certified organic, it's extremely likely to be genetically modified. Our partner NatureWorks, LLC uses corn to make Ingeo™, the resin used in our GreenStripe cold cups and hot cups, clamshells, and other compostable products. Currently, it is not economically or technically feasible to exclusively source organic corn for PLA.



We use Ingeo™ biopolymer in about 70% of our products. Ingeo is the brand name for plant-based plastic made by our partner NatureWorks. It is also referred to as PLA (or polylactic acid).

Those concerned about the health impacts of GMOs should know there is no genetically modified material in the plastic itself. The genetically modified part of the corn kernel is not the part of the plant used in our products. Nonetheless, it doesn't feel right to us to call our products "GMO free" since the corn from which our products are derived was genetically modified.

We would love to use truly GMO-free PLA. We recently became a member of the brand new Center for Bioplastics and Biocomposites (CB2) at Iowa State University formed to help drive research and innovation in renewable material science. We are committed to staying at the forefront of materials research and hope that non-GMO feedstocks become economically viable in the near future.

Post-Consumer Content in Foodservice Packaging: The Food and Drug Administration (FDA) has stringent requirements to ensure the safety of packaging coming in contact with food, and for good reason. One of the implications of this is that it can be tough to source post-consumer recycled content that meets FDA criteria. We don't think changing FDA requirements is the answer; it just means it can be challenging for our supply team to source post-consumer material for our BlueStripe line in substrates other than PET and PS.



Our BlueStripe™ line is made with post-consumer recycled content which has to meet stringent FDA requirements for food safety, so sourcing this material can be a challenge.

PRODUCT DESIGN

GREENSTRIPES[®]

Products



Materials



INGEO[™]
BIOPLASTIC



PLANT STARCH



SUGARCANE

Features



MICROWAVE
FRIENDLY



DO NOT
MICROWAVE



COLD FOOD
FRIENDLY



HOT FOOD
FRIENDLY



CUSTOM
OPPORTUNITY



PRINTED
SLEEVES

What you need to know:

Products are made from renewable plant materials that can be grown again and again.

Products are not made from oil like traditional plastics.

All GreenStripe[®] products (except Plant Starch Cutlery) are compostable, which means they can be returned to the soil to help plants grow.

Compostable GreenStripe[®] products are ASTM compliant and BPI certified compostable in commercial facilities only, which may not exist in your area.

Products are not suitable for backyard composting. These products need the high heat of a commercial pile to break down.

BLUESTRIPE[™]

Products



Materials



POST-CONSUMER
RECYCLED FIBER
(PCF)



POST-CONSUMER
RECYCLED PLASTIC
(RPET)



POST-CONSUMER
RECYCLED
POLYSTYRENE (RPS)

Features



MICROWAVE
FRIENDLY



DO NOT
MICROWAVE



COLD FOOD
FRIENDLY



HOT FOOD
FRIENDLY



CUSTOM
OPPORTUNITY



PRINTED
SLEEVES

What you need to know:

Products are made from post-consumer recycled materials that have been used, recycled, and repurposed, meaning fewer virgin resources are required and less landfill waste is created.

Making new products from recycled materials helps drive recycling markets and infrastructure.

BlueStripe[™] hot cups are not recyclable.

BlueStripe[™] plastic products can't be recycled in most communities, but check with yours to find out what they'll accept.

BlueStripe[™] products incorporate the highest amount of post-consumer recycled material available without compromising performance.



PRODUCT DESIGN

Legacy Products

We sell two kinds of products today that are not consistent with our current criteria for new product design. Both products exist because there was a time when we were not able to make high heat compostable products, and our customers needed cutlery and lids to go with our other products.

Product Criteria
Every new product we bring to market must be:

- Made with 100% renewable resources
- or
- Made with post-consumer recycled content
- or
- Compostable
- or
- Recyclable

Plant Starch Cutlery is made with 70% renewable resources. The remaining 30% is virgin polypropylene (PP), which is used to achieve a compelling combination of heat tolerance, full-size length/weight, and price. The big problem is that the 30% that is non-renewable makes this product not compostable. We offer another line of cutlery called Plantware® that is made with 100% renewable resources and is compostable, but in order to achieve acceptable heat tolerance, a second step is required in the manufacturing process that adds cost. Another challenge is that because Plantware is 100% renewable, it has a higher per gram cost than Plant Starch, which forced us to develop smaller than full-size pieces in order to keep the products within reach for foodservice operators. The reality is that Plant Starch can be a good option for customers who understand that it is not compostable and are not sending it to compost facilities with legitimate compostable packaging. Long story short, if we can bring our costs on Plantware down, we may be able to hit a price point that will make it easy to phase out Plant Starch, and that's exactly what we're trying to do.

In today's recycling markets we lack reliable access to post-consumer polypropylene. The virgin PP soup lids are so much less expensive than their compostable counterparts that customers using those items who are not composting have demanded that we keep these lids in our catalog. We have honored those requests up to this point in time, but it is growing more and more difficult to justify selling as many non-compostable lids with certified compostable containers as we do in this category. The discussion about whether to phase out this lid is generating a lot of soul searching conversations around our building, so stay tuned.

Product Packaging

Our products need to get from Point A to Point B, meaning they need to be packaged and shipped. Trying to minimize the environmental impact of our packaging is a new area of focus for us, and we see a lot of opportunity.

Commitments

In 2014, we will complete an analysis on the opportunities, costs, and implications associated with reducing the environmental impact of packaging used in product distribution.

In 2014, we will actively participate in Iowa State's Center for Bioplastics and Biocomposites.

In 2014, we will review the business implications of phasing out our Plant Starch Cutlery and our 100% virgin polypropylene soup cup lid.

Opportunities for minimizing packaging:

Can the sleeves be made with something other than virgin plastic?

Could the boxes be sized more efficiently?

Could we resize the boxes to fit more on a pallet to reduce shipping impact?



SUPPLY CHAIN



The majority of our products are manufactured by third-party entities, primarily in Asia. In 2013, we began domestic manufacturing of cold cups at the Chattanooga, TN, factory of our sister company, WNA. This is exciting because not only do we expect domestic manufacturing to reduce our transportation impact, but it will also allow us easier access and greater insight into the manufacturing process.

Challenges and Opportunities

We know that product manufacturing accounts for 20% of our products' lifecycle impact. The challenges in addressing these impacts are similar to any company trying to exert influence across the value chain. We do not own the factories so decisions regarding equipment, operations, or human resources are not ours to make. Eco-Products strives to work with the most efficient suppliers across all product lines to achieve quality and cost targets. While best manufacturing practices help ensure efficient use of resources, portions of the manufacturing process remain resource intensive. The strong relationships we've developed with our suppliers helps enable us to engage with them to identify opportunities for further improvement and ensure they recognize the importance of preserving resources whenever and however possible.

“ Our analysis shows that raw materials and manufacturing have a much bigger environmental impact than transportation. Therefore, our commitments for 2014 focus on product design and manufacturing. ”

Another aspect of our supply chain impact is the transportation of our products. Ocean freight accounts for about 11% of our product carbon footprint. As we increase the amount of domestic manufacturing, we hope this number will continue to decline. In the past, we have offset the ocean freight component of our footprint. As business has grown, it has become cost prohibitive to do this for all of our products. Our analysis shows that raw materials and manufacturing have a much bigger environmental impact than transportation. Therefore, our commitments for 2014 focus on product design and manufacturing.

Regarding our manufacturing impacts, we believe it is important to convey to our suppliers that environmental and social responsibility is a priority for Eco-Products, and that we expect our business partners to operate accordingly. As a first step, in 2014 we will draft a supplier sustainability code of conduct and engage with key suppliers to get feedback and understand potential concerns. In 2015, we will finalize the code and expect our manufacturers to sign it (or develop a plan for being able to sign it). In 2016, we will incorporate environmental and social criteria into our factory assessments. Influencing manufacturers to reduce their impact will be a long process, but with our strong supplier relationships we are hopeful it will be a fruitful one.

Commitments

SUPPLIER CODE OF CONDUCT

2014: We will draft a supplier sustainability code of conduct and share it with key suppliers for feedback.

2015: We will finalize code, have manufacturers sign it or develop plan for getting there.

2016: We will incorporate environmental and social criteria into factory audits.

PRODUCT END OF LIFE



What happens to our products at their end-of-life is not only significant environmentally, but it is also an important issue for the end-user. “What do I do with your cup after I’m done using it?” is a question we often get. Obviously we want as little product as possible to go to the landfill. However, not everyone has access to commercial composting, and recycling foodservice packaging can be extremely difficult due to food contamination and a host of technical challenges. That’s why we’re working with others in our industry to overcome these barriers and increase waste diversion for society as a whole.

Challenges and Opportunities

The US Composting Council Compostable Plastics Task Force

We’ve met composters who are consistently successful in composting foodservice packaging; we’ve met others who experience challenges on this front. It is incredibly important to us that our products compost (as they are certified to) so that composters continue to accept foodservice packaging and foodservice operators can continue to strive towards zero waste. Because BPI certified items can successfully be composted, there is a need to better understand and share the composting practices and conditions that facilitate this. We are active in the USCC Compostable Plastics Task Force, who is exploring just that. In 2014, we will actively support this group’s efforts as well as continue our own research and discussions with composters.



Foodservice Packaging Institute Paper Recovery Alliance/Plastics Recovery Group

The goal of this industry effort is to increase recycling of foodservice packaging. Through meetings and conversations with this group, we explore the perceived and actual barriers to foodservice packaging recycling. Specifically, we have donated products for a study to analyze how items such as our products flow through a recycling facility. This will provide insight on the feasibility of collecting and properly sorting these items. We have also shared our insight on the challenges with foodservice packaging collection and recycling, such as food contamination and its impact on end markets.



“It’s not enough for us to get our products BPI-certified and leave it at that. We want to work with others in our industry to understand composting best practices and expand access to commercial composting.”

Commitment

We will continue to actively participate in industry efforts to address end-of-life challenges, such as the USCC Compostable Plastics Task Force and FPI’s PRA/PRG.



EMPLOYEES & COMMUNITY

We know the success of our company depends on happy, healthy, and productive people. That's why we make a concerted effort to provide a challenging yet fun work setting, while also incorporating our environmental commitment into our approach to employee engagement. We also believe that as a company we have the privilege and responsibility of supporting organizations who are working to address important social and environmental causes.

Employees

Providing an engaging and supportive work environment and backing employees' efforts to reduce their impact is important to us. That's why we provide a financial incentive for employees to use alternative transportation in their daily commute. We also recently decided to offer the Eco-Pass, a pass allowing employees to use Denver's regional public transit system at no cost. To celebrate Earth Day, we volunteer to remove invasive weeds or otherwise clean up our local community, have a "seedling give-away", and share employee pledges to reduce our impact. To make work more FUN, happy hours, dinners, and other events allow employees to connect outside of work.

That said, we know there is more we can do around employee engagement. That's why in 2014 we will review our current engagement activities and develop a plan for deeper employee engagement.

Community

We make a concerted effort to support local causes addressing environmental and social issues. Many nonprofits host fundraising events that involve food and drinks (because what better way to get people together?). We are happy to provide compostable or post-consumer recycled content products to reduce the impact of such events and allow more of the money raised to support the cause. When special circumstances apply, we also support events outside the Boulder/Denver area. In 2013 we donated over \$214,000 in product to over 80 organizations addressing environmental or social issues.

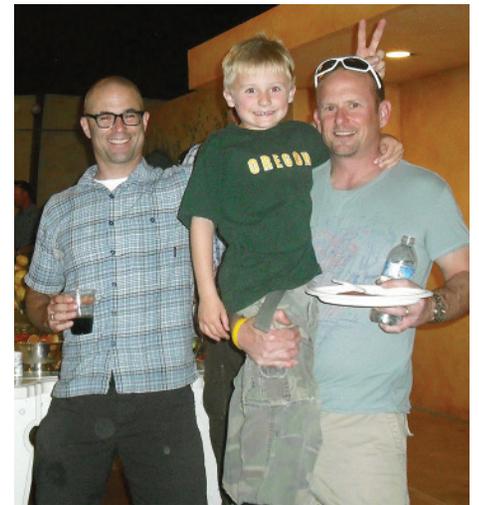
Commitments

Community Engagement:
In 2014, we will brand and reassess our community engagement program.

Employee Engagement:
In 2014, we will review employee benefits and current engagement efforts, and identify ways to deepen employee engagement.



EMPLOYEES AND COMMUNITY



FOODSERVICE OPERATOR CASE STUDIES

In addition to helping foodservice operators reduce their environmental impact through the use of our products, we also support their broader sustainability programs. Fun stuff! Below are a few examples of such efforts.

We are proud to support the sustainability efforts of the **Seattle Mariners** by being the exclusive foodservice packaging provider at Safeco Field in Seattle. The Mariners' waste diversion story is impressive. They started by focusing on recycling as much as possible, which increased their waste diversion rate from 12% to nearly 40%. When the stadium started composting, it was able to divert to north of 85% of its waste from the landfill.

To help the team better understand its impacts, we provided the Mariners a custom life-cycle assessment report for the foodservice packaging used during the 2013 baseball season. This included the upstream and downstream carbon footprint from raw materials, to manufacturing, to transportation, to end-of-life. Organizations are increasingly interested in knowing and addressing their environmental impacts, beyond their direct operations. We are proud to provide this insight to the Mariners, and any other customer interested in knowing more about their impact on climate change.

Being a neighbor to the **University of Colorado**, we've long been a supporter of their football program. In 2013, we volunteered to support their zero waste tailgating efforts at Franklin Field. By handing out bags for composting and recycling, providing guidance to tailgaters, and collecting waste, we helped raise football fans' awareness of how to reduce their impact while cheering on the Buffs.

When the Mariners started focusing on recycling and composting they were able to divert more than

85%

of the stadium's waste from the landfill.



FOODSERVICE OPERATOR CASE STUDIES

When Boulder-based **EVOL Foods** went to national distribution via Target stores, they wanted to update the packaging for their frozen burritos and meals. Turning to Eco-Products for the solution, EVOL insisted that sustainability be a high priority when designing the new packaging. Specifically, they wanted their primary packaging to be compostable – a first in their industry.

EVOL had experimented with several materials and shapes in the past, then came to us to create something new that both performed and merchandised well. Working together, our product design team and EVOL explored multiple approaches and finally settled on a bowl made from a mix of bamboo and wheat straw. The bowls are extra durable to hold up well when microwaved, and they have the added benefit of being made from 100% renewable resources.

EVOL wanted their primary packaging to be compostable - a first in their industry.

We helped them create a compostable bowl durable enough to stand up to freezing and microwaving.

We are proud to have delivered this milestone in frozen food packaging, and we look forward to being part of EVOL's continued success.



FACTS & FIGURES

We donated
\$214,000

of product to over 80 organizations addressing environmental or social issues.

In the U.S., we send more food to the landfill than any other type of waste.



Methane is more than 20 times more potent of a greenhouse gas than carbon dioxide.

We purchased water restoration credits from the Bonneville Environmental Foundation and restored

183,000

GALLONS of water to the drought-threatened Yampa River near Steamboat Springs, CO.

Air and vehicle travel account for
42%
of our operational carbon footprint.



85%

total waste diverted by the Seattle Mariners at Safeco field by improving recycling and switching to compostables

Today the U.S. composts

4%

of the food waste it generates. Eco-Products is working to change that.

Products approved by BPI are certified to compost in commercial facilities within



180
DAYS

63%

of our electricity at HQ was provided by our solar panels



Our analysis shows that raw materials and manufacturing have a much bigger environmental impact than transportation.

Therefore, our commitments for 2014 focus on product design and manufacturing.

We bought
390
METRIC TONS of carbon offsets to support turning methane into electricity at the Larimer County Landfill. Our purchase offset the amount of electricity used by 900 homes in one year.

30%
of our waste goes to the landfill



Our goal:
10%
by 2017

In 2014, we'll develop a supplier sustainability code of conduct. We'll incorporate environmental and social criteria into our factory audits in 2016.



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