We are pleased to issue our second annual sustainability report with goals and commitments to becoming even more environmentally and socially responsible.
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LETTER FROM THE PRESIDENT

It’s exciting to be back in front of you with the second edition of The Eco-Products Sustainability Report. As a reminder, this document is a complete chronicle of sustainability at Eco-Products. This year is particularly exciting because we get to talk about the goals we set last year, and report to everyone how we did – or more accurately how we are “doing”, as many of these initiatives are ongoing. We’ll also tell you exactly what our operational and product impacts were for the last year, as we are fully committed to the notion that what doesn’t get measured will never get addressed. The rest of the report is really a tour through our areas of focus from an impacts point of view, giving you a closer look at all of the ways we’re working to further our commitments to environmental sustainability and social responsibility.

So why do we do this, anyway? First and foremost, this report provides our stakeholders with the kind of transparency we think you deserve. It also demonstrates that we take sustainability seriously; we report frequently on key business metrics and feel that sustainability deserves the same treatment. And perhaps most importantly, it ensures progress and continuous improvement. Our inaugural report did exactly what it was supposed to do: it kept us focused on sustainability while generating conversations and decisions that would not otherwise have happened.

In 2014 we assembled the company’s first Sustainability Advisory Committee, a group of seven sustainability professionals drawn from the private sector, academia, and non-profits. We met last fall to hear their assessment of our first report and our progress on sustainability initiatives to date. Their feedback has been extremely valuable. As an example, a key piece of feedback from this group was that we need to increase our efforts to make access to commercial composting a reality for more communities in this country. Commercial compost advocacy has always been a part of our efforts. We’ve since increased our activity by engaging more broadly with the compost community in an ongoing effort to identify the key barriers to broader access to commercial composting.

Our mission is all about drastically changing the way our society thinks about disposables. Advocating for a broader composting infrastructure to support the diversion of these products from the landfill is central to our approach. Demand for foodservice packaging with environmental benefits is increasing, creating a massive opportunity to advance the cause of Zero Waste, and to help people make the connection between the products we use and broader sustainability issues. We remain as dedicated as ever to using our brand and product offering as a driver for change.

We remain as dedicated as ever to using our brand and product offering as a driver for change. 

IAN JACOBSON
PRESIDENT
ECO-PRODUCTS
WHO IS ECO-PRODUCTS?

Eco-Products is the leading brand of single-use foodservice packaging made with renewable resources and post-consumer recycled content. We are a mission-driven organization, using environmentally preferable foodservice packaging as a means to advance Zero Waste practices and to raise awareness of the connections between the products we use, the materials they are made with, and what happens to them at the end of their lives.

Our mission is to change the way society thinks about disposables, one cup at a time. We recognize that disposable products are not ideal, even if they do have environmental benefits. However, we live in a society where they are not going away anytime soon. From concerts to sporting events to take-out restaurants, single-use foodservice packaging is ingrained in our convenience-driven culture. We don’t think it makes sense to use our most valuable, non-renewable resource (oil) to make a product that is designed to be used for ten minutes, then get tossed aside. We think there has to be a better way.

We are not perfect, and our products are not perfect. But we are trying. Ultimately, we aim to get to a point where the use of our products is regenerative to the environment. Being less bad isn’t good enough.
Our sustainability report:

This report serves multiple purposes. First and foremost, as Ian mentioned in his letter, it allows us to be transparent about our sustainability approach, successes, and challenges. Second, it enables us to treat sustainability just like any other important business metric. We set goals and track progress on sales and EBIDTA; if we are taking sustainability seriously, we should set goals and track progress on it as well. Finally, it keeps us focused. Setting public goals and committing to an annual report sharpens our focus on continual improvement.

The scope of this report is calendar year 2014, although in some instances we describe qualitative progress in 2015 in order to provide the most useful snapshot of our efforts. The report covers our operations, such as the impacts from our headquarters building and travel, and our employee, supplier, and community relationships. It also includes the lifecycle impacts of our products, such as their manufacturing and end-of-life scenarios.

Eco-Products acquired Bridge-Gate Alliance Group in late 2014. Bridge-Gate is a brand of compostable foodservice packaging made primarily from wheat straw. Because of the date of acquisition, Bridge-Gate operations and impacts are not included in the scope of this sustainability report. They will be included in next year’s report, so stay tuned!

One last thing about our approach to reporting: we look to frameworks such as GRI and the B Corp assessment for guidance on what to address and report. Such initiatives provide insight on issues that have been deemed material by others outside our organization. Because of the resources required to formally report to GRI and obtain third-party assurance, we have chosen to not go down that path at this time. We will continue to assess whether this is a priority for our stakeholders.

Our Sustainability Advisory Committee:

We recognize that our perspective on our environmental and social impacts is just that – our perspective. That’s why we formed an advisory committee of external sustainability experts to provide feedback on our approach and inaugural sustainability report. They represent the private sector, academia, non-profits, in-house sustainability managers, and consultants. It is an honor that they have elected to share their time and insights with us.

We met with this group in person last fall and will continue to hold annual, in-person meetings. We also use the committee as a sounding board on issues throughout the year.

This group has already proven to be extremely valuable. In his opening letter to this report, Ian shared an example of their feedback and how we’ve used it to improve our efforts. We look forward to our continued relationship with this group and using their feedback to challenge us.

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1 In the interest of full disclosure, Eco-Products buys carbon offsets from Renewable Choice Energy. We both began working with RCE and asked Pete serve on our committee before he accepted this position.
Our sustainability goals are organized around three critical priorities: Climate Change, Natural Resources, and Social Value.

**Climate Change**

We acknowledge that the threat of climate change is among the greatest issues we face today.

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

In 2015, **decrease our total miles flown per $1,000 of sales by 5%** relative to 2014 travel

In 2015, each Sales department staff will participate in at least **one meeting virtually**, to which they would otherwise travel

In 2015, **increase our advocacy for expanding access to commercial composting**

**Natural Resources**

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.

By 2017, **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 2015, **pilot a take-back program for recycling** the plastic sleeves our products are shipped in

In 2015, **complete the transition to compostable wrappers** for our compostable cutlery kits

In 2015, **partner with Recycle Projects** to build viable end markets for post-consumer plastic within Colorado

By 2020, **discontinue legacy products** that do not meet our current material standards for renewable resources and post-consumer recycled content

**Social Value**

We value the employees, suppliers, and communities who enable us to deliver innovative sustainable foodservice products and services to businesses and consumers all over North America.

In 2015, continue to use our Sustainability Squad as a way to **engage Eco-Patriots in sustainability** and **make Eco-Products a great place to work**

In 2015, pilot a program to **enhance Eco-Patriots’ professional development**

In 2015, at least **50% of our employees will take advantage of their paid day off to volunteer**

In 2015, **finalize our Supplier Sustainability Code of Conduct** and have manufacturers sign it

In 2016, **incorporate environmental and social criteria into factory audits**
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<th>Here's What We Said We'd Do...</th>
<th>Here's What We Did...</th>
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| • Achieve a net zero electricity HQ. Until we get there, invest in high quality offsets to balance our emissions. | Status: Ongoing  
• Analyzed our HQ energy consumption.  
• Committed to low-capital efficiency upgrades.  
• Armed ourselves with information to include in landlord discussions.  
• Purchased VCS-verified carbon offsets for operational 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. | Status: Ongoing  
• Communicated this to all staff.  
• Developed materials for communicating this preference to car rental companies. |
| • In 2014, each sales department staff will **participate in at least one meeting per year virtually**, which they would otherwise fly to. | Status: Not Achieved  
• Launched the Eco-Products “No Fly Zone” to encourage virtual meeting in lieu of flying.  
• Not every sales department staff joined the No Fly Zone, so we’re recommitting to this goal in 2015. |
| • By 2017, **increase HQ waste diversion to 90%**. | Status: On Track  
• Conducted a waste audit.  
• Began offering plastic film recycling.  
• Incorporated “waste management 101” into employee on-boarding.  
• Increased diversion from 70% to 80%. |
| • By 2017, **reduce HQ water consumption by 10%**; restore the balance every year through high quality water restoration certificates. | Status: In Progress  
• Replaced faucet aerators with more water-efficient versions.  
• Unexpected spike early in the year, but water consumption fell by 6% after installing new faucet aerators.  
• Purchased Water Restoration Credits from Bonneville Environmental Foundation. |
| • In 2014, **complete an analysis on the opportunities, costs, and implications associated with reducing the environmental impact of packaging used in product distribution**. | Status: Achieved!  
• Researched impacts and options for plastic sleeves and cardboard boxes.  
• Researched compostable plastic films and take-back film recycling programs. |
**HOW DID WE MEASURE UP?**

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<th>Here’s What We Said We’d Do...</th>
<th>Here’s What We Did...</th>
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| **• In 2014,** review the business implications of phasing out our Plant Starch cutlery and 100% virgin polypropylene soup cup lid. | **Status:** Achieved!  
  - Analyzed implications for discontinuing these products.  
  - Updated messaging on Plant Starch cutlery to “Non Compostable” for greater clarity.  
  - Began discussions with manufacturing partners about shifting out of virgin polypropylene soup cup lids.  
  - Set a goal for phasing out these products by 2020. |
| **• 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. | **Status:** Ongoing  
  - Provided input on research priorities for the Center for Bioplastics and Biocomposites. Three funded projects address biobased food packaging.  
  - Continued discussions and evaluations of commercial viability of non-GMO PLA alternatives. |
| **• Continue to** participate in industry efforts to address end-of-life challenges, such as the USCC Compostable Plastics Task Force and Foodservice Packaging Institute’s PRA/PRG. | **Status:** Ongoing  
  - Convened a group of industry stakeholders to discuss expanding access to commercial composting.  
  - Provided input on Compostable Plastics Task Force educational materials.  
  - Collaborated with PRA/PRG members to advance recycling of foodservice packaging. |
| **• In 2014,** reassess our community engagement program. | **Status:** Achieved!  
  - Developed guidelines for donations to non-profits and civic organizations.  
  - Offered a new employee benefit: One day/eight hours of paid time-off each year to volunteer with the cause of their choosing. |
| **• In 2014,** review employee benefits and current engagement efforts, and identify ways to deepen employee engagement. | **Status:** Achieved!  
  - Launched the Eco-Products Sustainability Squad to better engage employees in sustainability initiatives.  
  - Provided EcoPass to Boulder-area employees to they can access regional bus and rail service for free. |
| **• In 2014,** draft a sustainability code of conduct for our manufacturers. Share with key manufacturers for feedback. | **Status:** Achieved!  
  - Benchmarked and researched sustainability codes of conduct.  
  - Drafted our code and received feedback from manufacturers. |
OUR IMPACTS

You know the saying, “You can’t manage what you don’t measure”? That’s why we invest significant resources in measuring the impacts 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.

If you take a look at the graph to the right you’ll probably notice that the impacts of our operations are significantly smaller than the impacts of our products. That is what happens when a company of about 50 people is managing the leading U.S. brand of environmentally preferable foodservice packaging!

Of course, it is easier to manage the environmental and social responsibility issues of your own company than those of your manufacturers or the entities that handle your products at end-of-life. It is also crucial to our brand that we walk the talk and create a corporate culture that is mindful of these issues. However, if our sustainability efforts were confined to our four walls, we would not be assuming responsibility for the largest component of our impacts – our products.

That is why in this report we discuss how we are trying to have a positive impact not only directly, but also indirectly throughout our value chain. The issues outside of our direct control are more challenging to address, but we are committed to making a meaningful effort to advance sustainability in every aspect of our business.
Note that our product emissions data includes lifecycle emissions from products received in our warehouses in a given calendar year. For 2014 we did not include other branded products we sell through our channels, Bridge-Gate products, and a handful of products whose materials are not included in our model, such as wheat straw. Also, due to software limitations, we had to remove our Vine, Zilchables, Cascadia, Regalia, Dahlia, and a few special project products. Approximately 75% of all cases received in our warehouses in 2014 were included in our 2014 calculation.
Reducing impacts of our packaging

With our GreenStripe® and BlueStripe™ platforms, we feel really good about what we have been able to accomplish in terms of offering products with real environmental benefits. Where we have more room for improvement is in our packaging – the cardboard boxes and plastic sleeves our products are shipped in.

In 2014, we looked into the environmental impacts of both. We learned that corrugated cardboard is almost always manufactured using high percentages of recovered fiber, and in the U.S., over 90 percent of corrugated cardboard is collected for recycling. We are not saying there are not opportunities to reduce the impacts of our cardboard boxes, but based on what we learned the boxes didn’t seem like the best place to start.

That brings us to plastic sleeves. We looked at the sleeves used for our Plantware® (i.e., compostable) cutlery kits, as well as the larger sleeves used for cups, plates, to-go boxes, etc.

While our Plantware kits contain BPI (Biodegradable Products Institute) certified compostable cutlery, unfortunately they are wrapped in a polyethylene (i.e., traditional, non-compostable) plastic wrapper. When we launched this product in 2011, we were not satisfied with the quality of the compostable wrapper that was available then, so that’s how we ended up with the polyethylene version. The good news is that we think we’ve found a solution that meets our quality standards, and we are currently having the film third-party tested for compostability, per BPI guidelines. We expect to successfully complete this testing and the transition to compostable cutlery wrappers sometime in 2015.

Unfortunately the situation is different for our...
PRODUCT DESIGN

larger plastic sleeves. Sure, there are compostable films that can hold a stack of cups, but compostable films that can hold a stack of 50 cups without tearing, at an affordable price point? Not so much. We will continue to keep an eye on compostable film technology.

If offering a compostable sleeve is not feasible at this time, an alternative way to reduce sleeve environmental impacts is to recycle them. Most single-stream recycling programs do not accept plastic films, making it very difficult for our customers to recycle this material. In fact, most recycling facilities hate plastic films because they get tangled and slow down the machines. Sure, many large grocery chains and big box stores accept plastic bags for recycling, but telling our customers to haul their sleeves to Target didn’t seem like a very good plan.

When we researched companies who might want to buy these films, we found that most buyers are only interested at the bale-level (i.e., a lot of plastic). It is impractical for the typical foodservice operator to collect and store this volume of sleeves, let alone buy equipment to bale it.

That led us to speak with a number of different entities about the logistics involved in collecting plastic films at the foodservice operator level and getting them to a facility that will recycle them. We are making it a priority to pilot a take-back program for our sleeves in 2015. Stay tuned!

Phasing out Plant Starch cutlery and polypropylene soup cup lids

Today, our new products must be made with 100% renewable resources or contain post-consumer recycled content. In our early days, heat-tolerant compostable material was not available; as an industry we were also not as diligent or clear about our standards. This has resulted in two legacy products that do not meet today’s design standards: our Plant Starch Cutlery and our polypropylene soup cup lid.

Our Plant Starch Cutlery is made with 70% renewable resources. The remaining 30% is virgin polypropylene, which is used to achieve a combination of heat tolerance, full-size length/weight, and price. The big problem is that polypropylene renders this product not compostable. When this cutlery was launched, a heat-tolerant compostable material suitable for cutlery was not available. Today, we are able to offer two lines of compostable cutlery called Plantware® and Vine™ that are both compostable and heat tolerant. Unfortunately, they’re also more expensive.

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. But in reality, the appropriate end-of-life destination for this cutlery (i.e., the landfill) is neither ideal nor always clearly understood.

We evaluated the business implications of shifting out of Plant Starch and fully into Plantware. They are significant, both for the customer’s expectations on the size and weight of the piece as well as the impact of the increased price throughout the sales channel. Nevertheless, we believe the ongoing risk of contamination of the organics waste stream caused by non-compostable cutlery outweighs the benefits of offering ongoing support of plant starch material. Moving to a fully compostable offering in the long term is the right thing to do. That’s why we set a goal for the ideal end-state: to discontinue Plant Starch Cutlery by 2020. In the meantime, last year we updated the messaging on the cutlery from “Made from plants” to “Non Compostable” to help reduce confusion.
Similar to Plant Starch Cutlery, our virgin polypropylene soup cup lids are also landfill-bound. They contain neither post-consumer content nor renewable resources. At the time we were launching soup cups, a heat-tolerant, compostable material was not available for the lid, nor was a post-consumer plastic that was suitable for this application.

Today, we offer compostable soup cup lids and post-consumer recycled soup cup lids. Because these options are now available and offer the same level of quality, we are finding it more and more difficult to justify keeping the virgin lids in our product mix.

Due to financial and contractual implications with our channel partners, discontinuing these lids will be a complex process. Nevertheless, we are committing to phasing out these lids by 2020, along with our Plant Starch Cutlery.

This commitment is a perfect example of the complexity any business faces when addressing sustainability challenges – what do you do when the environmentally preferable thing to do is not financially accretive to our customers or our business? These are the situations that generate a lot of organizational soul-searching and introspection on how sustainability is prioritized among other drivers. Easy answers? Nope. Are we letting that stop us from trying? Nope.

**Staying at the forefront of sustainable materials research**

Research on biobased materials is developing rapidly. This is exciting in that it holds the potential for additional materials we could use in our products. Given our stake in renewable resources technology and its applications for packaging, we want to be involved in how this field develops. That’s why in 2014 we became a founding member of the Iowa State Center for Bioplastics and Biocomposites (CB2).

The CB2 is a National Science Foundation industry & university cooperative research center that focuses on developing high-value biobased products from agricultural feedstocks. Our membership gives us the opportunity to help shape the center’s research priorities and provides access to its findings. Three funded projects we are excited about will focus on biobased PET plastics, a lifecycle tool for assessing environmental impacts of biobased materials, and improving properties of biobased food packaging.

Our involvement in this organization is a testament to our thought leadership at every step of our products’ lifecycles: raw materials through to end of life.
**PRODUCT DESIGN**

**GREENSTRIPE®**

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<th>Products</th>
<th>Materials</th>
<th>Features</th>
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<tr>
<td>[Image of GreenStripe® products]</td>
<td>[Image of plant starch]</td>
<td>[Image of microwave friendly, cold food friendly, hot food friendly, custom opporunity, printed sleeves]</td>
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**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.

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**BLUESTRIPE™**

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<tr>
<td>[Image of BlueStripe™ products]</td>
<td>[Image of post-consumer recycled fiber (PCF)]</td>
<td>[Image of microwave friendly, cold food friendly, hot food friendly]</td>
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**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™ 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.
Increasing advocacy for expanding access to commercial composting

The composting infrastructure in the United States has expanded greatly over the last 20 years or so. However, as the regulatory landscape continues to increase mandated diversion of organics from landfills, in many markets the existing infrastructure is not sufficient to keep up with demand. We continually get questions from customers and potential customers about whether they should invest in our GreenStripe products if they cannot compost them commercially. Sadly, many communities simply don’t have access to commercial composting. (Nevertheless, we believe strongly in the benefits of using products made with renewable resources, regardless of where they end up!)

We couldn’t be more excited about the increasing legislative progress that has been made in recent years to keep food scraps out of landfills. California, Massachusetts, Vermont, Connecticut, and Rhode Island have all passed laws banning large volume foodservice operators from sending their leftover food to the landfill. Cities such as Seattle, San Francisco, and New York have also passed laws restricting food from being sent to landfills.

Why is this so important? Because when food scraps go to the landfill, they often breakdown in the absence of oxygen (anaerobically) and emit methane, a greenhouse gas 21 times more potent than carbon dioxide. When food scraps are composted, they create a valuable soil amendment. Using compost in soil conserves water, reduces storm water run-off, improves plant health, and minimizes the need for artificial fertilizers (among many other benefits). The benefits of compost are so significant that Denver Water requires its use in all new construction in the city, and the state of Texas Department of Transportation requires its use in road construction projects.

So, with compost being so cool and governments starting to mandate food diversion from landfills, we should be set up for a whole new approach to materials management right? Unfortunately, that is not the case. There simply is not enough commercial composting capacity today to handle everyone’s half-eaten burgers and left-over fries. This has created a sense of urgency for us.

To explore barriers and opportunities for expanding access to commercial composting, we mapped out the commercial composting value chain, including the suppliers of raw

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2Note we are not using the common term "waste management" since we are adamant about the fact food scraps are not waste. They are valuable.
materials for compostable products such as ours, the foodservice operators generating organic material, the haulers that pick it up, the composters themselves, and the buyers of finished compost. For each stakeholder, we were able to quickly identify composting roadblocks, but we wanted to hear from others.

We spent several months on many phone calls with stakeholders at every link in the chain. To facilitate broader dialog, we hosted a dinner for about twenty industry leaders to discuss these issues in person at the annual meeting of the USCC. There was consensus that the single greatest opportunity for expanding composting infrastructure is in the legislative realm. From mandating organics diversion and the use of compost, to streamlining the permitting process, to ensuring composters can market the full benefits of their product, legislators can play a key role in infrastructure expansion. Given how composting saves water, reduces greenhouse gas emissions, and slows pressure on landfills, municipal and state governments should have a vested interest in growing this sector.

Many of us believe what is needed now is a strategic roadmap for expanding access to commercial composting. This should involve those already active in the discussion, as well as additional stakeholders such as government representatives who oversee materials management, water, and climate change issues.

Currently, no industry group or individual is taking the lead on this.

We have shared our feedback with the board of the US Composting Council and expressed our desire for them to lead the development of this roadmap. They are uniquely suited to bring together the broad coalition of stakeholders needed to make this vision a reality. We offered to serve on or lead committees, provide success stories, and help in any other way we can. The USCC is developing its five year strategic plan this summer, and we sincerely hope that expanding access to commercial composting plays a prominent role.
Building viable end-markets for post-consumer plastic within Colorado

Think we’re all about composting and aren’t giving recycling its due? Think again! We are proud to be part of an innovative program to help build the recycling industry in our home state of Colorado.

While recycling plastic beverage bottles is common, recycling plastic cups is much less common, because it is difficult for recycling facilities to properly sort them into the correct categories for plastics buyers. As a result, plastic cups often go through the recycling facility and end up in the landfill.

We’re not OK with that, so we are teaming up with an organization called Recycle Projects here in Colorado to try and find a solution. Recycle Projects is aiming to develop a successful business model for recycling #5 polypropylene cups – the cold cups used at fast food chains and convenience stores for large soft drinks.

After we worked with Recycle Projects to prove there is a substantial amount of polypropylene cups available for recycling, we helped identify a company to clean and grind the plastic cups. We then took that plastic “flake” and manufactured new cups out of it. We were happy to see it performed well, so we are seeking Food and Drug Administration (FDA) approval to make new cups out of this plastic. (The FDA wants to make sure any packaging coming into contact with food is sufficiently clean and safe. That’s a good thing.) When the FDA gives the thumbs-up, we will be ready to close the loop on recycling polypropylene cups into new cups.

In late 2014, Recycle Projects sought funding from the Colorado Recycling Resources Economic Opportunity Grant Program to fund the launch of this endeavor. Eco-Products was part of the proposal, demonstrating that there was a willing buyer of post-consumer polypropylene cups. We were thrilled to learn this was one of three projects to receive funding. We are hopeful the FDA will soon issue approval for use of this plastic in cups so we can start closing the loop in our own backyard.
We know from our analysis that a significant portion of our products’ environmental impacts over their full lifecycle lies in manufacturing. We also recognize we have an opportunity to have an open dialog with our manufacturing partners about social responsibility issues such as working conditions and fair labor practices. Environmental and social responsibility are priorities for us, and we expect our close business partners to be aware of and manage their impacts on society as well.

That’s why we drafted our supplier sustainability code of conduct in 2014. We looked to resources such as the United Nations Global Compact, the Base Code of the Ethical Trading Initiative, and the Fair Labor Association Workplace Code of Conduct. We also referred to the publicly available codes of leading companies on this topic, such as Patagonia and IKEA.

After identifying the key issues to be included in our code, we shared these principles with several of our manufacturing partners, including several of our suppliers in Asia. We asked for their feedback and whether they had any concerns about signing a code committing them to the addressing these principles. While there was some dialog, no significant concerns were raised.

**As a result, we have finalized our code and plan to share it with all of our manufacturing partners in 2015.** We hope they will all sign on and make a good-faith effort to embrace the environmental and social responsibility expectations we put forth. In 2016, we will work to incorporate the principles of the code into our factory audits performed by third-parties.

We recognize that our products’ carbon footprint greatly exceeds that of our operations. Because of this, we must take steps to better manage the upstream and downstream impacts of our products. Our supplier code of conduct is a step towards understanding and reducing emissions in our supply chain.
We know that the environmental impacts from our direct operations are much smaller than the impacts from our products, but that doesn’t mean that we aren’t committed to doing what we can to address our operational footprint. It is important to us that we not only take a comprehensive approach to sustainability, but it is also critical that we espouse the values we promote through our brand.

Waste

As a company that helps other organizations realize Zero Waste, we felt setting a goal to get there ourselves would not only demonstrate that we walk the talk, it would also help us better understand our customers’ efforts.

In 2014, we acted upon the opportunities identified in our 2013 waste audit. We began to collect plastic films for recycling. These are not accepted in our single-stream recycling service, so we make a run to Eco-Cycle’s Center for Hard to Recycle Materials when our container gets full. Now items such as zip lock bags and bubble wrap are being diverted from the landfill.

We also improved our materials collection system. In addition to dedicating more space to composting and improving our signage, we added a “Not Sure” box. Eco-Patriots (i.e., Eco-Products employees) put items in this box if they aren’t sure whether something should be composted, recycled, or go to the landfill. Our Sustainability Maven then confirms and shares the correct answer to increase our collective awareness. We get it – waste diversion is not easy. We are not immune to that.

Our 2013 waste audit indicated we diverted 70% of our materials from the landfill. We conducted another audit in 2014, showing we diverted about 80% of our materials. One more 10% jump and we will have met our goal! We plan on doing another audit in 2015 to continue to monitor our progress. For more information on our waste audits, check out our video on our YouTube channel (youtube.com/user/greenisallwedо)

Business Travel and Commuting

We would love it if we could meet with our customers and other important stakeholders
without flying and driving all around the country. Not only would our carbon footprint be smaller, but our friends and family would probably appreciate seeing us more! Alas, face-to-face meetings are incredibly important in building relationships and achieving our business goals.

**No Fly Zone**

Last year we set a goal for each sales department staff to avoid at least one flight and instead meet via conference call, web meeting, or some other way that minimized emissions. We did not meet that goal, so we are again committing ourselves to this.

We are also upping the ante. Given how big a contributor flying is to our operational carbon footprint, we have set an additional goal:

In 2015, we will decrease our total miles flown per $1,000 in sales by 5%, relative to 2014. This goal pertains to travel by all Eco-Patriots, not just sales staff. While we recognize that ultimately, absolute reductions are necessary for addressing climate change, given our growth mode and projected business activity, we are committing to a normalized goal at this time. We will reassess this goal in the future and determine if an absolute goal is appropriate.

To remind Eco-Patriots of our commitment to reducing air travel, we launched the Eco-Products No Fly Zone in 2014. How does one become a member of this prestigious club, you ask? By avoiding a flight without sacrificing business objectives. After the meeting has taken place via some low-carbon method, our business
partners receive a certificate with the carbon avoided and a Skip the Trip luggage tag. We know not all air travel can be avoided, but we hope this tag will urge people to think twice before hopping on a plane. Initial feedback from our business partners has been very positive.

**Don’t Supersize My Car**
In 2014, we communicated that all Eco-Patriots are expected to rent compact or economy cars when on business travel, unless group or extensive highway travel is involved. Often, well-intentioned car rental companies offer a complimentary “upgrade” to a gas guzzler when smaller cars are not available. We don’t think that’s very cool, so we created business cards to convey this. Now, when a car rental company offers an SUV, Eco-Patriots can leave behind messages such as “Large vehicles suck... more fuel” along with a statement about our preference for fuel-efficient cars and contact info for our Sustainability Maven. We believe it is important for companies to know that their customers are committed to sustainability and prefer environmentally-minded products and services.

**Vehicles: business use of personal cars + commuting**
In addition to reducing emissions from flying and rented cars, we are also trying to be more thoughtful about business use of our personal cars. Strategically scheduling trips to minimize mileage and relying on conference calls and other technology solutions contributed to an overall reduction in reimbursed vehicle miles in 2014. We are hopeful this trend will endure in 2015 as we continue to remind employees about minimizing travel impacts.

When it comes to getting to and from the office every day for our headquarters-based staff, we offer a financial incentive for commuting via alternative transportation. If employees come to work by bicycle, bus, scooter, hybrid, carpool, or their own two feet for six days during a given ten work day pay period, they qualify for a little extra love in their paycheck. In 2014, we estimated that just under 9% of our commuting miles were done by some form other than people driving themselves. While this is an increase over 2013, when just under 8% of commuting miles were greener, we think we can do better. Especially since 2014 emissions from daily commuting (68 MT CO2e) was greater than emissions from reimbursed mileage (44 MT CO2e).

We recently provided the EcoPass as another company benefit to headquarters employees to encourage the use of bus and light rail. (See the Employees section of this report for more info.) We also plan on further reminding Eco-Patriots of the importance of alternative transportation in 2015 to reduce this aspect of our emissions.

**HQ Energy and Water**

**Energy**
In 2014, we explored opportunities to reduce our building’s energy consumption. From an assessment by consultants, we learned that approximately 79% of our building’s energy consumption is for heating, cooling, and ventilation (HVAC); 14% is for lighting; and 7% is for plug load.

We have conducted extensive lighting upgrades. The majority of our building now uses efficient, dimmable fluorescent lamps. We are also making plans in 2015 to install lighting motion sensors in low-traffic areas of our building, such as storage areas, conference rooms, and shower rooms.

Regarding plug-load, in 2015 our IT department will be updating
computers from towers to laptops and replacing our phone system with newer, more efficient technology. While energy efficiency was not the driver for these upgrades, the expected reduction in energy consumption is a nice bonus!

Because of these efforts, we have seen an overall reduction in the amount of electricity used by our building over the years. As expected, the solar energy created by the panels on our roof has decreased as well. Turns out solar panels, people, and cars all slow down with age. Today, solar provides just over half of our HQ electricity needs. This is great, but we have a ways to go before we reach our goal of net zero electricity.

This brings us to HVAC...

In order to better understand the opportunities associated with our HVAC systems, we had engineers assess our equipment. They found that in addition to equipment being near the end of its useful life, some of it was not sized properly. This is unfortunately a common issue for older buildings that have been remodeled, particularly when multiple tenants are involved.

The engineers helped us understand the financial and environmental implications of updating our HVAC systems; they are not insignificant. This is a common, yet
challenging, example of the sustainability rubber meeting the road. How does a company justify large financial investments with questionable payback for the sake of sustainability, in the face of competing business priorities negotiated between multiple parties with different business priorities?

We are fortunate to have a landlord relationship that prioritizes sustainability but we have not yet figured this out. We are committed to staying focused on sharing our progress.

P.S. Regarding our natural gas consumption, our gas meter was not functioning for all of 2014. We have told our utility about this, and we hope to report accurate data on natural gas consumption in our next report.

Water
In late 2013, Boulder County assessed our building for water savings opportunities. The low-hanging fruit on that list was replacing our faucet aerators with aerators that could save more water. A couple trips to the hardware store and a few sessions with a wrench later – check! Super easy.

If you look at our year-over-year water consumption for the time the aerators were installed (i.e., June – December 2014 vs June – December 2013), we reduced our water usage by 6%. This is great progress towards our goal of a 10% reduction.

Unfortunately, water consumption unexpectedly spiked in January and February of 2014, to the extent we ended up with an overall increase in water consumption for the year. Not what we were hoping for!

We’re working with our building managers and tenants to understand why this happened. In addition to being able to publish a sustainability report, setting goals and tracking our progress helps to identify operational issues that might otherwise go unnoticed.

We hope to report true progress towards our water goal next year.
When we met with our Sustainability Advisory Committee last fall, one of the observations they shared was that we were more focused on environmental issues than social issues. Fair point! While we have always worked to build positive relationships with our employees, suppliers, and community, a focus on environmental issues has been the guiding principle of our company since its inception.

We took this feedback as an opportunity to explore how we could further incorporate social responsibility into the fabric of our company. We recognize that sustainability is all about having a net positive impact on society. The human component of this is crucial, particularly our relationship with our employees.

In addition, providing a challenging, fun, and dynamic work environment benefits our employees by enabling their personal and professional development. It also strengthens their engagement with the company, thereby increasing motivation, improving productivity, and ultimately better enabling us to work towards our mission of Zero Waste. We therefore see our culture and employee engagement efforts as investments with a huge ROI.

**Employee engagement**

While we do have a full-time Sustainability Maven on staff, we know that our sustainability efforts would be hollow if she was the only one engaged in making Eco-Products more sustainable. For a company aiming to be a truly responsible business, sustainability needs to be part of the culture and something every employee has the opportunity to participate in.

In 2014, we launched our Sustainability Squad – a volunteer team of Eco-Patriots whose self-identified objective is to “enable Eco-Patriots to live environmentally and socially responsible lives, both at work and beyond.”

This crew meets once a month for lunch to discuss how to bring this objective to life.

**2014 GOALS:**
- Review employee benefits and current engagement efforts, and identify ways to deepen employee engagement.

**2015 GOALS:**
- Continue to use our Sustainability Squad as a way to engage Eco-Patriots in sustainability and make Eco-Products a great place to work.
- At least 50% of our employees will take advantage of their paid day off to volunteer.
- Pilot a program to enhance Eco-Patriots’ professional development.

**SUSTAINABILITY SQUAD**

Objective: To enable Eco-Patriots to live environmentally and socially responsible lives, both at work and beyond.
And boy have they been busy! In the few months since its inception, the Sustainability Squad has:

- **Conducted a survey to set a baseline** of employees’ current sustainability awareness and efforts, and identify cool ideas for the Squad to tackle. Volunteering opportunities, reducing waste, and alternative transportation rose to the top.

- **Installed a cork board** in our main hallway to liven up our office. It is used for posting notices including (but not limited to): sustainability events, company announcements, “Kermit Kudos” recognizing employees who go above and beyond, news articles, items for sale, menus for new restaurants in our ‘hood, horoscopes, funny pictures, not so funny pictures, coupons, fashion disasters, party invitations, and thank-you notes.

- **Launched the Eco-Products Bike Brigade.** Eco-Patriots donated bikes, helmets, and locks for employee use during the day. Now we can pedal to lunch or run an errand without growing our carbon footprint. Good for the planet, as well as our mental and physical health!

- **Started a new “Eco-Patriots are Savvy” campaign.** For example:
  - A posting on our cork board helps us be Carbon Savvy with information on how to get to the ski mountains via bus.
  - Stickers on bathroom mirrors remind us to make sure the faucets are turned off because we are Water Savvy.
  - A new system to help us figure out if something should be composted, recycled, or sent to the landfill help us be Waste Savvy. (Want to know more about our waste diversion efforts? Please see the Operations section of this report.)

- **Coordinated a Hard to Recycle event** so employees could responsibly get rid of things that are not welcome in the regular recycling bin. We collected over 400 pounds of electronics, 18 pounds of batteries, and 300 pounds of scrap metal. We also collected old jeans and donated them to Blue Jeans Go Green to be recycled into insulation.

- Brainstormed other ideas for implementation in 2015, such as regular emails to employees with sustainability tips or information, supporting composting at home by finding discounts for compost bins, or holding a swap event for stuff Eco-Patriots have purchased but did not use or like.

In addition to the Sustainability Squad, we also do lots of other fun stuff to make the company a great place to work: summer picnic, softball team, holiday party, happy hours, fantasy football, and Friday breakfasts provided by managers, among other good times.
Employee benefits

We have provided our employees a financial incentive to use alternative transportation to get to and from work for over seven years. That’s a lot of bike rides, walks, bus rides, and use of hybrid vehicles!

To further enable our employees to minimize their carbon footprint, in early 2015 we offered our Boulder-based employees the EcoPass. This pass gives employees free access to our regional bus and light rail system. The company decided to offer this benefit, in addition to our incentive for commuting via alternative transportation, because we know transportation is often a big part of someone’s carbon footprint. It can also be a little daunting to take on the bus system if it is completely unfamiliar. Hopefully removing the cost barrier encourages increased use of public transit by our employees. The response from Eco-Patriots was extremely positive.

Professional development

As mentioned in Our Approach section of this report, we look to the B Corp assessment and GRI Index for guidance on sustainability opportunities. Both of these frameworks identify professional development as a means for companies to engage their employees and provide a high quality work environment.

Eco-Products has always supported our employees’ professional development. In-house trainings on topics ranging from management to Excel; paying for external trainings, workshops, and certificate programs; and tuition reimbursement are all examples of this commitment.

Nonetheless, given the B Corp assessment, GRI Index, and feedback from our Sustainability Advisory Committee about further emphasizing the “social value” part of our framework, in 2015 we are committing to piloting a program to enhance our employees’ professional development.

Being a small, relatively flat company, we are not at the scale to provide a program that larger corporations can offer. However, we have begun to sketch out a program that is appropriate for our size and should allow Eco-Patriots greater opportunities to enhance their careers and skills at Eco-Products. We look forward to sharing how this develops in next year’s report.
We believe that companies have an obligation to give back to the communities that our employees, customers, and other stakeholders call home. It is simply the right thing to do. For a company like Eco-Products, it also provides an opportunity to engage our employees and build our credibility as a brand.

Last year we took a close look at our community engagement efforts and asked ourselves “what can we do better?” After assessing various approaches for corporate giving, we decided to focus on donating our products and donating our time.

Giving our products

We have long supported our community through product donations. Often, non-profits addressing environmental or social issues, or organizations such as schools and fire departments, host fundraising lunches, dinners, or cocktail hours. Donating environmentally preferable foodservice packaging to these groups helps defray their costs, thereby allowing more of the money raised to support their missions. It also allows us to demonstrate our commitment to supporting the community.

Sadly, we cannot support every request we receive. Saying “no” to organizations dedicated to serving the greater good is one of the hardest decisions we have to make. In order to be more thoughtful, consistent, and strategic about our donations, in 2014 we developed formal criteria to help us assess the many requests we receive. The following considerations now help us prioritize donation requests:

- Is it a Colorado 501c3 nonprofit or civic organization?
- Do they address environmental, health, or social causes?
- Will they compost organic waste to divert it from the landfill?
- Will they send us photos or other content with composting success stories?
- Did they provide 45 days’ notice?
- Will they recognize Eco-Products in event or organization communications and marketing?
- Will this relationship help build Eco-Products’ brand as a socially responsible company?

These guidelines were helpful in enabling us to donate over $153,000 in product and shipping to worthy causes in 2014.

2014 GOALS:
- In 2014, reassess our community engagement program.

2015 GOALS:
- In 2015, at least 50% of our employees will take advantage of their paid day off to volunteer.
Giving our time

Our employees are our most valuable resource. The time and energy our Eco-Patriots give to Eco-Products makes us the company we are.

We have often used Earth Day as an opportunity to get out of the office, give our valuable time to the community, and strengthen our bonds as a team. For Earth Day 2014, we volunteered with Wildlands Restoration Volunteers – a local non-profit whose mission is “to foster a community spirit of shared responsibility for the stewardship and restoration of public, protected, and ecologically important lands.”

In the fall of 2013, the Boulder area experienced devastating floods. Restoration was still underway in the spring of 2014 and continues to this day. We supported Wildlands Restoration Volunteers’ flood recovery efforts by cleaning debris from a local stream bank so native vegetation could reestablish. We lucked out with a beautiful day, and after the physical labor of clearing away branches and other deposits, we returned to the office for a happy hour featuring beer brewed by one of our employees. Talk about a great Earth Day!

Company-sponsored volunteering is great, but it is just that – company sponsored. We recognize our employees often have causes near and dear to their hearts. That is why we proudly offer a new benefit: one day/eight hours of paid time off each year for employees to volunteer with the cause of their choosing.

Corporate giving professionals attending the CECP Summit in May 2014 ranked volunteer time off as the most effective socially motivated tactic for increasing employee satisfaction with their company. Between 2010 and 2013, the percentage of companies offering this benefit increased from 47% to 58%, and employee participation rates increased from 32% to 37%.

Because this is a new offering, we have no idea how many Eco-Patriots will take advantage of their paid time off to volunteer, but we’d like to think we’ll beat the national average. We have set a goal for at least 50% of our employees to use their paid time off to make their community a better place.
Giving back in other ways

In 2014 we found several additional opportunities to give back to the Boulder community, where the vast majority of our employees work.

One World Running: In the summer of 2014, our Eco-Patriots hosted a shoe drive for One World Running, an international organization that facilitates the donation of gently-used running shoes to those in need. With the help of our employees and their friends and family, we collected thirteen pairs of shoes that were deemed unusable by our runners, but could otherwise provide someone a new pair of shoes.

Community Food Share Food Drive: On November 3, our headquarters kicked-off “We CAN Make a Difference,” a month-long food drive in support of the Community Food Share (CFS). The CFS supplies food to local organizations serving individuals in need. Everyone loves competition, so in order to get the troops motivated, we had a friendly, interdepartmental challenge. We collectively donated 1,036 pounds (1,046 items) of groceries for our neighboring Boulder and Broomfield communities. Our employees personally delivered the goods to the facility, where they received a tour of the organization’s headquarters.

We enjoyed serving our community in a way that engendered some inter-departmental rivalry. A little competition never hurts, right? As a way to give thanks and conclude our food drive, we had a Thanksgiving potluck on Friday, November 21. Fully bellies and great coworkers were on our list of things to be thankful for.

“WE CAN MAKE A DIFFERENCE” FOOD DRIVE DONATIONS BY DEPARTMENT:

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<thead>
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<tr>
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Community Giving Case Study: Roaring Fork Conservancy

In 2014, we supported two events put on by the Roaring Fork Conservancy (RFC), a nonprofit whose mission is to inspire people to explore, value, and protect the Roaring Fork watershed. Since 1996, they have brought people together to protect and keep water in their rivers, monitor water quality, and preserve riparian habitat.

During their annual Fryingpan Clean-up, 150 volunteers of all ages cleaned up some of the most beautiful sections of river in the country. In addition to the satisfaction from protecting the Fryingpan and Roaring Fork rivers, volunteers were also rewarded with a pancake breakfast from the local Lion’s club. While we all know trash sucks, in this case it could earn prizes for the volunteers. Awards were given for Best of, Most Toxic, Most Useful, and Most Unusual Trash.

The annual River Float & Festival gave participants the opportunity to spend a morning on the Roaring Fork River with RFC ambassadors. Attendees learned about issues such as drought, water rights, transbasin diversions, and conservation efforts. A cookout; live music; and demoing boats, stand-up paddle boards, and fly fishing gear were part of the fun. The 2014 event attracted over 200 participants.

Why do we love the Roaring Fork Conservancy so much? In addition to the awesome work they do, they are dedicated to making their events zero waste. EverGreen Events works with RFC to maximize recycling and composting, and minimize what goes to the landfill. In fact, between the Fryingpan Clean-up and the River Float & Festival, they collected four cubic yards of composting and 100% of the recyclables generated at the event. Rock on, RFC!