We are pleased to issue our seventh annual sustainability report with goals and commitments to become even more environmentally and socially responsible.

We’d love to hear your feedback!

Email us with your comments or questions. sustainabilitymaven@ecoproducts.com
We are proud to report that 2019 was yet another year of success and growth for Eco-Products*. Once again, public focus on the need for sustainable business practices, and an evolution toward a circular economy, have continued to intensify in the eyes of the world. Headlines from multinational consumer-facing brands making bold commitments to sustainable packaging goals have become increasingly commonplace, as have disturbing articles about the impact that plastic waste is having on our environment.

Consumer attitudes about the prevailing model of single-use disposables are shifting, and the status quo of a take-make-waste linear economy is being questioned — loudly. In 2019, our category and approach have been validated as a mainstream offering as a key part of a broader solution to address packaging waste and the food scraps that too often accompany it. We are excited to see our brand and our approach increasingly playing a role in these national conversations as we continue to demonstrate high-profile proof points for successful waste diversion. The growing national and international conversation on waste diversion continues to support our growth, but it’s important to note that we measure our success as much by pounds diverted from the landfill as by our total cups sold.

While managing fast-paced growth can be challenging, I am incredibly proud of how Eco-Products has continued to build our brand, grow our team, and continue our track...
record of industry-leading innovation during this exciting time. I look back on this year and see a few significant instances that I am particularly proud to highlight:

» Our team of Operator Specialists – unique in our industry – continues to grow and meaningfully demonstrate our commitment to our Zero Waste mission. Combining a specific focus on foodservice operators, regional composting and recycling infrastructure, with significant Zero Waste expertise, these brand ambassadors help key customers take their sustainability efforts to the next level. In 2019, we added an Operator Specialist in the Midwest and began interviewing for one in the Southwest. We soon will have representation across the country, helping customers from coast to coast connect with composters, find haulers, comply with local requirements, and so much more. We believe in a future state where every product we sell will be composted or recycled. Our Operator Specialists work every day to make that future a reality.

» Interest in our brand has not only accelerated in the U.S., but internationally as well. In 2019, we continued to successfully work with our sister companies and other partners to increase our presence in Canada, Europe, and parts of Latin America. We not only focus on providing our extensive product bundle in other countries, but our sustainability expertise as well. Our value proposition is resonating strongly domestically and beyond.

» As another proof point of our innovative capabilities, we were proud to be first-to-market with a molded fiber offering that does not rely on conventional fluorinated chemistry to achieve grease resistance. The cutting-edge nature of our Vanguard™ molded fiber line was recognized when it earned first place for Innovation in Manufacturing from the Foodservice Packaging Institute and QSR Magazine. We are the first to offer a line of certified compostable products under BPI's strict new 2020 standards in compliance with emerging legislation in San Francisco and Washington State.

» As part of the Novolex™ family of brands, we have seen a considerable expansion of resources and relationships to support our growth. The broader Novolex corporate focus on Choice, Sustainability, and Innovation aligns directly with who we are at Eco-Products, and Novolex’s reach allows us to share our brand story with an audience whose size and scale would have seemed well beyond our reach a few short years ago. From some of the largest grocery chains to some of the largest retailers, we continue to see the opportunity to develop meaningful partnerships with some outstanding names.

Despite this momentum, headwinds still exist and some are strong. The need to urgently address climate change becomes increasingly acute by the day. Given this reality, looking at a product's environmental impacts through a carbon lens is critical, but just because a cup is compostable does not mean it has the lowest carbon footprint. We continue to ask ourselves, "Are our products always the best choice?" We are motivated by the potential for compostable packaging to divert both food scraps and packaging from landfills and turn them into a valuable soil amendment, but it is also important that we continue to advance our use of post-consumer recycled material to provide compelling choices for customers without access to commercial compost infrastructure.

Furthermore, proving the value of our compostable products to commercial composters continues to be a focus. Despite third-party reports validating packaging as a valuable carbon source and demonstrating that compostable packaging can significantly increase the amount of food scraps that composters receive, the composters’ concerns about contamination, processing times, and organic certification are real and valid. We must continue to support and work with the compost community on these concerns while demonstrating that an operator’s commitment to Zero Waste practices with a committed compostable packaging partner can lead to a reliable, predictable, and valuable feedstock for their compost operations.

We would be remiss not to acknowledge that the explosive growth in our category is testing the resilience of our supply chain, with particular weakness shown in the global supply of polylactic acid (PLA) – the compostable plastic used in many of our GreenStripe® items. We continue to demonstrate that scale and resilience are key parts of our success story at Eco-Products, and we will continue to align with the world’s leading sources of renewable raw materials to ensure that our customers can look to us as their first call category partner, especially when capacity gets tight.

These issues have no easy answers, but the challenge presented by addressing them in a scalable way motivates us each day. We are proud to offer the broadest range of solutions under one brand on a single truck in the increasingly complicated category of environmentally preferable packaging.

Looking ahead into 2020 and beyond, we couldn't be more excited about the continued growth of our category and our company. We continue to say with confidence: We Got This, in a way that no other company in our category can.
At Eco-Products, we believe big things can happen in small packages. We believe a cup can make a powerful statement about values.

We are not satisfied with the status quo of using virgin, non-renewable materials to make products that are used for a short time, then go to a landfill forever.

That’s why we’ve developed disposables made from plants and post-consumer recycled content, and it’s why we go to the ends of the earth to help our customers keep them out of the landfill.

We are adamant about the benefits of our products, but we know they are not perfect. They are a good start, but there is still room to make them better.

Our society has a long way to go before every product can be successfully composted or recycled. And even when composting and recycling is an option, does that mean we have a permission slip to continue our disposable lifestyle?

We don’t think so. We advocate for a Zero Waste future, and we are clear eyed about how far we have to go.

Let’s take a step in the right direction.
Let’s fight for change.

Let’s Make It Better.
Eco-Products is a Zero Waste pioneer, a certified B Corporation®, and a leading brand of environmentally preferable foodservice packaging.

We make our products – from cups to plates to containers – using renewable resources or post-consumer recycled content, but our work doesn't end with our products. As Zero Waste champions, we are adamant about scaling waste diversion practices and infrastructure with our customers and other partners in the markets where we operate. We teach our employees, customers, community leaders – and anyone else who will listen – how to implement waste diversion programs, often targeting food scraps diversion through the use of compostable packaging. We also work with, and lead, a number of industry efforts to help facilitate the growth of commercial composting infrastructure and recycling end markets when possible.

As a certified B Corp, we are committed to operating responsibly, sustainably, and transparently. We drive continuous improvement by setting goals and holding ourselves accountable for achieving them.

About this Report
Eco-Products’ seventh sustainability report highlights our social and environmental performance in 2019, as well as the progress we made against our goals during that time. To optimize our impact and how we report on our progress, we consult with an external Sustainability Advisory Committee comprising experts from the private, government, and academic sectors. In 2019, we welcomed Kate Bailey of Eco-Cycle® to our advisory committee. Eco-Products Sustainability Advisory Committee members include:

- **KATE BAILEY**
  Director
  Eco-Cycle Solutions

- **ERIN DECKER**
  Director
  Cleantech Client Management
  Schneider Electric

- **RAMSAY HUNTLEY**
  Vice President and Clean Technology and Innovation Philanthropy Program Officer
  Wells Fargo

- **JEFF HOHENSEE**
  CEO
  Grow-Ray

- **JENNIFER LEITSCH**
  Director of Corporate Responsibility
  CBRE

- **DAVE NEWPORT**
  Director, Environmental Center
  University of Colorado

- **TIM BEAL**
  Director of Sustainable Communities
  Boulder Housing Partners

- **VIRGINIA “G” WINTER**
  Principal
  Equinox Consultancy LLC

Additionally, we routinely monitor sustainability trends and best practices, draw from leading reporting frameworks, and pursue bold targets inspired by initiatives such as the United Nations Sustainable Development Goals, which include 169 targets for institutions to pursue by 2030 to improve our world.  

**UNITED NATION’S SUSTAINABLE DEVELOPMENT GOALS**

<table>
<thead>
<tr>
<th>GOAL</th>
<th>APPLICABLE TARGETS</th>
<th>HOW WE’RE ADDRESSING</th>
</tr>
</thead>
<tbody>
<tr>
<td>2 IN DINNER</td>
<td>Ensure sustainable food production systems and implement resilient agricultural practices.</td>
<td>Our compostable foodservice packaging and the food scraps that it delivers to compost manufacturers serve as a feedstock¹ for finished compost, which enriches soils with nutrients and supports plant growth.</td>
</tr>
<tr>
<td>7 CLEAN ENERGY</td>
<td>Increase the share of renewable energy in the global energy mix.</td>
<td>We invest in efficiency and solar projects at our headquarters (HQ) that will hopefully enable our office to be net-zero electricity.</td>
</tr>
<tr>
<td>11 SUSTAINABLE CITIES AND COMMUNITIES</td>
<td>Reduce the adverse per-capita environmental impact of cities by paying special attention to waste management.</td>
<td>We support compost manufacturing facilities by helping them expand their feedstocks (including our GreenStripe® products) and customer base. We also boost market demand for post-consumer recycled materials by incorporating such materials into our BlueStripe® line.</td>
</tr>
<tr>
<td>12 RESPONSIBLE CONSUMPTION</td>
<td>Substantially reduce waste generation through prevention, reduction, recycling, and reuse.</td>
<td>Our GreenStripe® products allow foodservice operations to establish successful Zero Waste systems to divert both packaging and food scraps from landfills. Our BlueStripe® products reduce waste by diverting plastic and paper from landfills, upstream.</td>
</tr>
<tr>
<td>13 PROTECT THE PLANET</td>
<td>Improve education, awareness-raising, and human and institutional capacity on climate change mitigation, adaptation, impact reduction, and early warning.</td>
<td>We work with a range of stakeholders to further the discussion on the power of Zero Waste and its connection to climate change mitigation.</td>
</tr>
</tbody>
</table>

¹ Feedstock is the raw material used for chemical or biological processes. For example, feedstock used for making compost could include grass clippings, leaves, food scraps, plant trimmings, straw, and compostable foodservice packaging.
## 2019 Progress Report

### Differentiation

<table>
<thead>
<tr>
<th>What we said we'd do...</th>
<th>What we did...</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Zero Waste Infrastructure</strong></td>
<td>In 2019, finalize Eco-Cycle waste diversion study, share results at industry events, and support efforts by Eco-Cycle to do the same.</td>
<td>We supported Eco-Cycle in completing their study of best practices for reducing wasted food. We presented the findings to customers, our network of composters, trade media, and at industry events.</td>
</tr>
<tr>
<td></td>
<td>In 2019, increase familiarity of international commercial composting infrastructure (such as Canada and the European Union).</td>
<td>We worked with our sister companies in Canada and Europe to learn more about the Zero Waste landscape in those markets.</td>
</tr>
<tr>
<td></td>
<td>In 2019, have 50% of our employees be brand ambassadors at a Zero Waste event.</td>
<td>Additionally, employees from Polar Pak™, our Canadian sister company, and the Eco-Products Sustainability Maven went to the Canadian Extended Producer Responsibility conference in Vancouver to better understand how to implement our Zero Waste outreach strategy throughout the different provinces.</td>
</tr>
<tr>
<td></td>
<td>By 2020, play an active role in the successful expansion of access to commercial composting of foodservice packaging in at least three communities.</td>
<td>We had over 50% of our employees serve as brand ambassadors at Zero Waste events around the country.</td>
</tr>
<tr>
<td><strong>Zero Waste Foodservice Operators</strong></td>
<td>In 2019, use waste diverters database to create a baseline of waste-diverting customers.</td>
<td>We continued gathering field data to start building an accurate and representative sample of our national account customers and their waste diversion activities. As we dove into this challenge, we continued to refine our understanding of what it would take to complete this goal and look forward to pushing forward on this objective in 2020.</td>
</tr>
<tr>
<td></td>
<td>In 2019, help at least 13 foodservice operators implement a front-of-house (FOH) Zero Waste program.</td>
<td>We were able to assist more than 13 foodservice operators across the U.S. in implementing a front-of-house Zero Waste (i.e., composting) program.</td>
</tr>
<tr>
<td></td>
<td>By 2020, implement a Zero Waste program with a strategic partner, such as a foodservice management company or distributor.</td>
<td>We continued to engage strategic partners about developing scalable Zero Waste programs.</td>
</tr>
<tr>
<td></td>
<td>By 2020, implement a process to continually identify and remove non-compostable products from waste diverting national account operations.</td>
<td>Using our waste diversion database, we created a report to identify where non-compostable products are being used in markets where commercial composting is available. We began a process to work with waste diverting customers to convert them to compostable options. We plan to prioritize this work in markets that have both access to composting and a policy that mandates the use of compostable packaging.</td>
</tr>
</tbody>
</table>
## Foundation

<table>
<thead>
<tr>
<th>People</th>
<th>Benefits &amp; Development</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>In 2019, train managers on leadership practices.</td>
<td>» We trained middle managers on supervisory and leadership skills.</td>
<td>Achieved</td>
</tr>
<tr>
<td>Every year, at least 55% of our employees will take advantage of their paid time off to volunteer.</td>
<td>» In 2019, over 55% of our employees used their paid volunteer time.</td>
<td>Achieved</td>
</tr>
<tr>
<td>Every year, at least 90% of employees will include a sustainability goal in their performance plans.</td>
<td>» Over 90% of employees set a personal sustainability goal.</td>
<td>Achieved</td>
</tr>
</tbody>
</table>

### B Corp Inclusive Economy Challenge

| | » We explored multiple opportunities with various stakeholders to share our Zero Waste knowledge in an underserved community. Due to a lack of opportunities to align with stakeholder events, as well as our internal competing priorities, we did not host such a Zero Waste event in 2019. | Not Achieved |
| In 2019, replicate Zero Waste event program in a local underserved community with a local partner organization. | » We delivered training to sharpen management skills instead, and plan to provide diversity and inclusion training in 2020. | Not Achieved |
| In 2019, provide employee training on diversity and inclusion in the workplace. | » We continued publishing job openings to members of minority associations. | Achieved |
| Every year, publish open positions to associations for underrepresented groups. | » |
# Foundation

<table>
<thead>
<tr>
<th>What we said we'd do...</th>
<th>What we did...</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Products</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>In 2019, explore more sustainable options for the end-of-life of our product sleeves.</td>
<td>» We continued to better understand how to connect customers to existing plastic film drop-off programs and engaged with our parent company to familiarize ourselves with their robust film recycling program. While we recognize that film recycling continues to be an opportunity for many of our customers, we feel that with wide access to film collection programs, coupled with the challenge of minimizing food contamination on films in kitchens, this has fallen off of our high priority list.</td>
<td>✔️ Achieved</td>
</tr>
<tr>
<td>In 2019, identify and explore additional certifications applicable to our value chain and determine the next steps.</td>
<td>» We identified and vetted relevant certifications that we wish to pursue in 2020 and beyond.</td>
<td>✔️ Achieved</td>
</tr>
<tr>
<td>By 2020, increase post-consumer recycled (PCR) content in product sleeves where possible.</td>
<td>» We met with our Novolex colleagues to discuss ways to incorporate PCR content into our product sleeves.</td>
<td>● ● ● In Progress</td>
</tr>
<tr>
<td>By 2020, work with all major manufacturing suppliers to annually complete and update the sustainability component of the supplier scorecard.</td>
<td>» We continued to engage suppliers about the benefits of measuring their sustainability performance.</td>
<td>● ● ● In Progress</td>
</tr>
<tr>
<td><strong>Operations</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>In 2019, decrease our normalized carbon dioxide (CO2) emissions from air travel by reducing the total miles flown per $1,000 in sales by 5% relative to 2018 travel.</td>
<td>» Unfortunately, we increased normalized CO2 emissions from air travel by 17%.</td>
<td>⬇️ Not Achieved</td>
</tr>
<tr>
<td>In 2019, reduce our normalized CO2 emissions from business car travel by reducing the total miles reimbursed per $1,000 in sales by 5% relative to 2018 travel.</td>
<td>» We decreased normalized CO2 emissions from vehicle travel by 4%.</td>
<td>⬇️ Not Achieved, just missed!</td>
</tr>
<tr>
<td>Keep headquarters water consumption at 2016 levels through 2020 while growing the business.</td>
<td>» In 2019, we saw a modest increase of 3% over the previous year, but an 18% increase over our baseline year of 2016. We will continue to evaluate our water use and invest in high-efficiency appliances as we are able.</td>
<td>● ● ● In Progress</td>
</tr>
<tr>
<td>Reach and maintain waste diversion of 90% or greater at our headquarters.</td>
<td>» We achieved a 72% diversion rate, as determined by waste audits throughout the year.</td>
<td>● ● ● In Progress</td>
</tr>
<tr>
<td>Achieve net zero electricity at our headquarters.</td>
<td>» We met 81% of our net zero electricity goal in 2019. We continue to pursue this goal with fervor and look forward to a full year of generation from our solar arrays.</td>
<td>● ● ● In Progress</td>
</tr>
</tbody>
</table>
## 2020 Sustainability Goals

<table>
<thead>
<tr>
<th>Zero Waste Infrastructure</th>
<th>Zero Waste Foodservice Operators</th>
</tr>
</thead>
<tbody>
<tr>
<td>» In 2020, develop an outreach plan with our sister companies in Canada and Europe on how to engage their regional organics management stakeholders.</td>
<td>» In 2020, establish a representative baseline of waste diverting activities in top national accounts using our waste diversion database.</td>
</tr>
<tr>
<td>» In 2020, play an active role in the successful expansion of access to commercial composting of foodservice packaging in at least three communities.</td>
<td>» In 2020, help at least 14 foodservice operators implement a front-of-house organics diversion program.</td>
</tr>
<tr>
<td>» Every year, have 25% of our employees at headquarters be Zero Waste ambassadors at a Zero Waste event.</td>
<td>» In 2020, implement a Zero Waste program with a strategic partner, such as a foodservice management company, distributor, or multiunit chain account.</td>
</tr>
<tr>
<td></td>
<td>» In 2020, implement a process to continuously identify and remove non-compostable products from waste diverting national accounts with access to commercial composting.</td>
</tr>
</tbody>
</table>
### Products

- In 2020, work with all major manufacturing suppliers to annually complete and update the sustainability component of the supplier scorecard.
- In 2020, incorporate post-consumer recycled content in product sleeves for one SKU as a pilot project.
- In 2020, provide a Forest Stewardship Council® (FSC) certified option for hot cups and soup cups.
- By 2022, achieve certifications that validate environmental attributes for the beginning-of-life of our top five substrates/materials: virgin paper board, recycled paper board, sugarcane/bagasse, recycled polyethylene terephthalate (PET), and polylactic acid (PLA).
- In 2020, determine opportunities to incorporate certified sugarcane fiber into our supply chain and develop a roadmap for achieving certification.
- In 2020, explore alternative materials and products that continue to strengthen the sustainability credibility of our product bundle.

### People

- Every year, publish open positions to associations for underrepresented groups.
- Every year, have at least 55% of our employees take advantage of their paid time off to volunteer.
- Every year, have at least 90% of our employees include a sustainability goal in their performance review.
- Every year, have cross-functional and/or sustainability-focused employee activities/opportunities (such as lunch and learns or projects).
- In 2020, provide training on diversity and inclusion in the workplace.

### Operations

- In 2020, keep our headquarters’ water consumption at 2016 levels while growing the business.
- Every year, reach and maintain waste diversion of 90% or greater at headquarters.
- Achieve net-zero electricity consumption at our headquarters.
- In 2020, decrease our normalized carbon dioxide (CO2) emissions from business air and car travel per $1,000 in sales by 5% relative to 2019 travel.
Zero Waste Infrastructure

While more governments and big brands are embracing Zero Waste, the processing infrastructure required to divert food scraps and compostable packaging from landfills continues to lag. Scaling these efforts is critical to building a robust circular economy and responding to the climate crisis in the serious way that is necessary to avoid the worst outcomes of increasing temperatures. While limited in our influence, we are taking what action we can to address these critical issues.

Challenges for Commercial Composting

Composting creates a nutrient-rich soil amendment that prevents erosion, improves crop yields, and sequesters carbon. Despite these numerous benefits, the industry continues to struggle with the following challenges, the greatest of which are contamination and robust end markets for finished compost.

Reducing Contamination

The Issue

While a recent assessment revealed that the food waste compost market is poised to experience high growth in the coming years, compost manufacturers are still fearful of accepting front-of-house (FOH) compostables due to contamination risks. Asking customers to put only food scraps and compostable packaging in a bin sounds easy, but unless the foodservice operator is using only compostable packaging and educating their customers and staff, it is likely that some non-compostable materials will end up in the compost bin. Sadly, humans are not very good at sorting materials appropriately. When the wrong materials make their way into compost manufacturing facilities, it takes composters’ time and money to remove them. (For more info on how we work with operators to set up successful compost collection programs, check out our Zero Waste Operators section.)

How we are addressing it

We are always interested in learning more about best practices that maximize food-scrap diversion and minimize contamination at foodservice operations. In 2019, we supported a study done by Eco-Cycle, a Zero Waste education and advocacy organization based in Boulder, that explored these questions, as well as the type and quantity of contamination that occurs in various foodservice settings. Considering restaurants generate over 11.2 billion tons of food waste annually, they play a critical role in reducing and recovering food scraps. Therefore, understanding and sharing best practices has the potential to impact food waste minimization significantly.

Advocating for Commercial Composting

Eco-Products participates in industry coalitions that are advocating for and developing composting solutions. These include the U.S. Composting Council® (USCC), Biodegradable Products Institute (BPI), Foodservice Packaging Institute®, and the Sustainable Packaging Coalition®, among others.

Our Operator Specialists also engage our network of composters and haulers across the U.S. to support them however we can, such as providing products for testing in their system, sharing best practices, and bringing them new customers seeking to divert food scraps and packaging from landfills.

In 2019, we saw a significant increase in the number of haulers (some of whom are also composters), who decided to begin selling Eco-Products compostable items. This does a few key things for them:

» Adds an additional revenue stream to their business model

» Provides an additional service to their customers

» Reduces contamination in their food scrap collection program by assuring the use of compostable packaging

» Streamlines the process of scanning loads for contamination by providing a consistent, easily identifiable brand

Contaminants are non-compostable materials that should not be in the composting process. Common contaminants include glass, traditional plastic films, and imitation “green” products that are not compostable.

Compost Market Report: Trends, Forecast and Competitive Analysis
Eco-Cycle found that high diversion rates can be achieved at all space types, and that the use of durable foodservice ware and compostable foodservice packaging can lead to close to 100% food waste capture and low contamination. Additionally, the study showed that the choice in packaging correlated with higher diversion rates. In other words, a foodservice operation with a high percentage of compostable packaging also had high diversion rates. This study was the first of its kind, and we encourage other municipalities or organizations to replicate this effort. To be fully transparent, we were a supporter of this study.

**Lack of Strong End Markets for Finished Compost**

**The Issue**
Without a strong demand for finished compost, it isn’t always economically feasible to process it. If no one is willing to buy the finished product for a high enough price, then a composter’s business can’t work.

**How we are addressing it**
To address this, we have been working right here at home with the Colorado Compost Council to take a closer look at organics generation, processing, and end markets, specifically examining the power that agricultural lands have in the ability to use more compost on soils. Read more about the council’s work here.

We also are inspired by the good work done by the City of Denver and A-1 Organics™ to bring compost generated by the people of Denver back into the market (you can read more in the sidebar.) We plan to share this story with our customers around the country and encourage them to buy back the compost that they produce. After all, we are trying to create a circular economy rather than a linear one!

**Degradation of Compostable Packaging**

**The Issue**
We are troubled when we hear folks say that compostable packaging isn’t breaking down quickly and completely at compost manufacturing sites. This seems to be due to a variety of issues – the item may simply need more time in the pile or a different environment (e.g., more moisture) than the composter can allow within their business model. Potentially, the package was not actually ever compostable to begin with and is merely a “green” look alike.

The time it takes for something to break down at a commercial compost manufacturing facility depends on many factors, including what it is made out of, compost feedstock characteristics (e.g., moisture content, the carbon-to-nitrogen ratio, pH, porosity), and the amount of time material is given to break down. Composters are running a business and moving material through their process as quickly as feasible supports their need to generate revenue. This has the potential to conflict with the amount of time that packaging needs to biodegrade fully.

**How we are addressing it**
For us, BPI certification is a crucial third-party validation of the compostability of our products. Its lab-based assessment assures us, our customers, and composters that our GreenStripe® products are capable of breaking down into valuable soil amendment – compost – without leaving behind anything that is toxic to plants. However, given the many variables involved in composting that we described previously, we think it is also critical to understand how our compostable products break down in various composting technologies beyond the lab.

In 2019, we continued our work with the Compost Manufacturing Alliance℠ (CMA) to increase our understanding of our various products’ degradation in compost piles across the country. CMA is an alliance of commercial composters that test and approve various compostable products for their operations. We are happy to say that we have gotten broad acceptance of our products in two technologies – Windrow (CMA-W) and Covered In-Vessel (CMA-I, formerly Cedar Grove® Approved). We look forward to increased acceptance in different types of processing technologies, and we plan to continue working together with composters around North America to ensure that our compostable products will successfully break down in local facilities.

**Feedstock availability and Route Density**

**The Issue**
If composters don’t have guaranteed feedstock due to a lack of policies or legislation that encourages waste diversion, they are unable to run their business with certainty. They must rely on voluntary participation in compost collection programs, which often results in fewer homes and businesses participating. When there are fewer customers on a truck’s route, it means less material is picked up to be processed and sold, and the per-customer cost to provide the service increases. Clearly, having more customers in a given area (route density) improves composters’ economics, but this is difficult to attain in many communities.

**How we are addressing it**
Our Operator Specialist team, which we have been building for over two years, is heavily focused on connecting foodservice operations to composters. They are out there hitting the streets with our vast broker network to bring more customers to our compost partners around the country. By working with these customers to minimize contamination, our Operator Specialists are simultaneously building trust with composters and bringing high-value accounts to their region.

**Policy and Regulations**

**The Issue**
It is not always financially prudent to separate food scraps at the operator level and send it to a compost operation. In many parts of North America, landfilling waste is simply cheaper than sending it to a beneficial end-use, such as composting. That is why policies supporting the separation and collection of organic material are so critical to overcoming these challenging economic disincentives.
Additionally, regulatory challenges often can provide barriers to increasing commercial composting infrastructure. On average, building a compost manufacturing facility in California takes seven years from start to finish, with much of the delay being due to regulatory hurdles. To get to a more ideal state in terms of organics diversion, that is simply too long. The industry certainly recognizes that regulation is a necessity to protect human health and the environment; however, regulation should be appropriate to the operation, and the benefits of diverting organic waste and creating finished compost should be taken into account.

How we are addressing it
This is a huge effort and it will take industry collaboration to meaningfully and efficiently expand infrastructure. That is why we work with industry groups like the USCC and state composting councils to help lend our voice to the effort for streamlined regulation and effective policy to promote food waste diversion and composting infrastructure. While there is still work to be done, these groups have been successful in raising awareness of these issues with state legislators around the country. Some key achievements include the development of model legislation and regulation, such as the USCC model compost rule template, and model compostable product labeling legislation.

Infrastructure Expansion
Within the U.S., we continued to pursue our aspirational goal of expanding access to commercial composting in three communities by 2020. The three cities that we have been primarily focusing on are Atlanta, Chicago, and Sacramento. (We have been working with other communities as well, but these three have risen to the top.)

» Atlanta: For the NFL championship game in Atlanta, Eco-Products provided compostable foodservice items and some waste diversion guidance. Before and after this huge event, we were in communication with a local composting operation that has been expanding and investing in order to accept FOH food scraps, including packaging. We plan to continue supporting this operation (as well as others in the area) to bring composting service to all commercial accounts that are willing to deliver a clean organics stream.

» Chicago: With the addition of our Midwest Operator Specialist in 2019, we have begun building relationships and exploring composting infrastructure in the Windy City. We have connected with a handful of compost operations, began testing our packaging at their sites, and started the conversation on how we work hand-in-hand with our customers to implement our Zero Waste systems solution. We know there is a strong group of foodservice operators ready and willing to work with a compost facility that can handle food scraps and compostable packaging.

» Sacramento: In 2019, we started discussions with high-level foodservice operators, haulers, and composters in Sacramento, and are pleased to see progress in California’s capital. As a result of our work, one of the leading hauler/composters in the region has expressed interest in accepting FOH organic materials, including packaging, from operators that are willing to commit to compostable packaging and implement the necessary operational changes to minimize contamination. We are extremely excited about this development and are committed to making this a lasting success. With these three communities well on their way, we feel good about reaching our 2020 goal. We plan to continue working in these markets and, of course, many more – large and small.

International Focus
To support our sister companies, Polar Pak in Canada and Eureka Caterware™ in Europe, we continued to develop our understanding of the regulatory environment and commercial composting infrastructure in these regions. In our work with our Canadian colleagues, we were able to dramatically increase our understanding of the status of waste diversion in various provinces as well as support Polar Pak’s efforts to build relationships with regional composting partners.

In 2019, we reached out to and visited several waste management sites and compost facilities across Canada. We also supported an environmental management company in its exploration of installing and maintaining on-site compost systems with large Canadian operators. In 2020, we will develop outreach plans to help us implement our Zero Waste strategy in Canada and Europe. We have cooperated already with two compost facilities in the province of Quebec that will accept compostable foodservice packaging. In addition, one of Quebec’s largest composting organizations is currently field-testing our products. We have successfully developed strong relationships with composters in the U.S. and connected them with foodservice operators committed to providing a clean stream of food scraps and packaging that can be turned into compost. We are energized to share that knowledge in other regions, while we simultaneously learn from them and expand our waste diversion expertise globally.
Recycling Markets

The Issue

By now, you are probably well aware of the challenges plaguing recycling in recent years. Decreasing exports of post-consumer material from the U.S. to international markets and increasing concerns over contamination are seriously threatening the recycling industry. To fully comprehend what has occurred in the recycling industry over the last few years, it is necessary to have a basic understanding of how the recycling system works. For an item to be successfully recycled, it must be collected, sorted, and then sold to be used in another manufacturing process.

Most manufacturing processes that use post-consumer recycled content can only accept a certain level of contamination in the material that they use. For a long time, China accepted material with high levels of contamination, and they accepted a LOT of it. This led to over-reliance on the Chinese market and underinvestment in mechanisms to clean up the recycling stream.

In 2018, China instituted a new policy – National Sword – that imposed very strict contamination limits on collected material. This essentially put an end to their acceptance of mixed materials. This, in turn, led to a huge amount of material being sent to other countries or simply not being recycled. To make a long story short, the recycling markets fell, and recycling facilities were struggling to find buyers for the materials they had collected and sorted.

In 2019, things continued to limp along as demand for post-consumer material remained low. Some recyclers went out of business, and some cities shuttered their recycling programs or reduced the types of materials they would accept. But with chaos comes opportunity – we saw some uptick in domestic investment in processing infrastructure and end markets for recycled material. While things are certainly not where circular economy fans want them to be, they are trending in the right direction.

How we are addressing it

One of the biggest impacts we can have on improving the state of recycling is to provide demand for post-consumer material and incorporate it into our BlueStripe® line. We continue to invest in this line of products that incorporate post-consumer recycled (PCR) plastic and paper into different foodservice items. In 2019, we worked to increase the amount of PCR polyethylene terephthalate in our BlueStripe® cold cups from 25% to 30%. This accomplishment allowed us to be a part of the Association of Plastic Recyclers’ Demand Champions Program. The Demand Champions Program is an initiative to urge brands to increase their use of post-consumer content in products and packaging. While we have long used post-consumer content in our Blue Stripe® line, we were proud to raise the PCR bar in our cold cups. We also are excited to share that our parent company, Novolex, joined Demand Champions as well.

Things We are Thinking About:

Soil and the Carbon Balance

Inspired by work in Marin County, Calif., here at home in Boulder County, and around the country, we have been considering how to meaningfully increase awareness of the role that regenerating soils plays in the climate change mitigation fight. Increased carbon in the atmosphere is simply a problem of balance. When viewed this way, one powerful strategy to mitigate climate changes becomes lucid – increase the carbon sink potential of our soils. The application of compost is one great way to do just that. For the past two years, we have sponsored the Soil Revolution Conference here in Boulder County, and we will continue to monitor emerging research and activity on this issue.

“From a climate perspective, compost is a triple win. It increases sequestration (the drawdown of atmospheric carbon into the soil), mitigates emissions from other sources (landfilling, burning, or allowing organic materials to rot in ponds or pits, which releases the powerful, short-lived greenhouse gases methane, nitrous oxide and black carbon), and enhances the land’s resilience to extreme weather (floodling and drought).”

- Marin Carbon Project
Eco-Products’ “secret sauce” is our mavens in the field – our Operator Specialists. Their job is to make sure that our compostable products stay out of landfills and to accelerate customers’ adoption of Zero Waste practices. This has been an exciting extension of the expertise we’ve long provided through our Sustainability Mavens. Only by scaling our efforts will we be able to make a significant difference in our pursuit of a Zero Waste future.

Highly experienced in organics waste diversion, our Operator Specialists understand the challenges faced by composters and haulers, which makes them uniquely qualified to advance the state of waste diversion meaningfully in their regions. Not only do they manage the behind-the-scenes legwork that allows foodservice operators to implement front-of-house (FOH) waste diversion systems, but they also:

» Evaluate access to hauling and composting services and connect customers to providers.

» Cultivate relationships with composters and haulers to ensure offerings are available to foodservice operators.

» Monitor local legislation and policies that impact our customers’ waste management practices.

» Use our “Roadmap to Zero” toolkit to help customers set up and scale their diversion programs.

» Train staff on how to minimize contamination at their operation.

Additionally, our Operator Specialists and Sustainability Maven continuously update Eco-Products’ waste diversion database with information on local compost processing infrastructure and waste-related regulations across the U.S. The data helps us identify locales where composting foodservice packaging is feasible so we can connect foodservice operators to compost manufacturing partners. This database also helps us develop a representative baseline of waste diversion activities among our national account partners.

Expanding our Team
Eco-Products welcomed two new Operator Specialists in 2019 – in the Midwest and Northeast. These new team members bring years of experience in the Zero Waste industry, including one who has even run his own compost facility. We also are currently hiring an Operator Specialist in the Southwest, which will bring us to five across the country. We hope to bring them on board in early 2020.

Highly experienced in organics waste diversion, our Operator Specialists understand the challenges faced by composters and haulers, which makes them uniquely qualified to advance the state of waste diversion meaningfully in their regions.

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**Operator Specialist Outposts**

**Operator Specialist duties include:**

» Keep up to speed on local legislation, policy and composting infrastructure

» Support broker and distributor reps with any key operator opportunities

» Gatekeep database and analytics specific to our network of composters and haulers in their market place

» Assist in the advancement of waste diverting operators by offering both marketing and training support
Putting Purpose into Practice
There's nothing more satisfying than seeing foodservice operators begin to eliminate landfill waste from their organizations and communities. We tasked every Regional Sales Manager and Operator Specialist – 13 of them – to help at least one customer implement a FOH composting program in 2019. While this may sound easy, we can assure you it is not. Aligning motivated customers with willing composters, implementing effective operational procedures to minimize contamination, and launching a program successfully is the epitome of a team effort. We are happy to say that all 13 members of our sales team met that goal in 2019. With our expanded team of Operator Specialists in 2020, we aim to work with at least 14 customers to implement their own FOH composting programs. We also hope to implement a scalable Zero Waste program with a strategic partner, such as a foodservice management company, distributor, or large chain account. We welcome the opportunity to apply our Zero Waste expertise throughout a multilocation organization that is interested in making waste diversion a priority across its footprint.

Read about the amazing progress some of our Zero Waste partners made during the year:

Cleveland Museum of Natural History
The Cleveland Museum of Natural History is a hands-on museum with a multitude of exhibits, groups & seminars. They have a sustainability focus within their café, where they are using all environmentally preferable products and are waste diverting in both the front- and back-of-house.

Eco-Products and Krehbiel and Associates have been engaged in the museum’s Zero Waste journey. Over 90% of the product line-up has been converted to Eco-Products, and the team has worked to develop bin signage and a large banner to promote the museum’s waste diversion initiatives.

The Museum is using a broad range of Eco-Products items including hot cups, sleeves, and lids, clamshells, and Plantware® cutlery.

California State University - Monterey Bay
CSU-Monterey Bay, located in Seaside, CA, is a public university with around 7,000 students and is part of the California State University system.

Eco-Products and Access Partners helped CSU-MB fill out the bundle by working with the distributor to bring in items that were not normally stocked. They worked closely with the university’s Sustainability Coordinator on the school’s Zero Waste plans and crossed paths at several sustainability conferences, such as the Association for the Advancement of Sustainability in Higher Education (AASHE) and the California Higher Education Sustainability Conference (CHESC).

The Eco-Products Marketing team created bin signs and a custom LCA for CSU-Monterey Bay.

CSU-MB is purchasing a full bundle of compostable products, including plates, cups, utensils, soup cups, portion cups, straws, and noodle bowls.
Optimizing Environmental Benefits

We sell more than 450 environmentally preferable foodservice products – from clamshell containers to cutlery to cups, bowls, and plates – and require that each is made from renewable sources or post-consumer recycled content.

**Products**

**GREENSTRIPE®**

**Products**

- Made with renewable resources
  - Certified compostable*

**Materials**

- Plant-based plastic (PLA)
- Plant starch
- Paper
- Sugarcane
- Sugarcane & bamboo blend
- Wheat straw

**What you need to know:**

- Made from renewable plant materials that can be grown again and again.
- The vast majority of GreenStripe products are compliant with ASTM standards for compostability and many are BPI-certified compostable, which means they can return to soil and help plants grow.
- Not made from non-renewable oil or gas like traditional plastics.
- Not suitable for backyard composting. These products need the high heat and careful management of a commercial pile to break down. Commercial facilities may not exist in your area.
- Paper and sugarcane products can go in the freezer, but they are not airtight. Freshness and freezer burn can become issues if left there for too long. PLA can become brittle when frozen, so we don’t recommend putting these products in the freezer.

*PSM cutlery is 70% renewable and not compostable

**BLUESTRIPE®**

**Products**

- Made with post-consumer recycled content

**Materials**

- Post-consumer recycled plastic (RPET)
- Post-consumer recycled fiber (PCF)
- Post-consumer recycled polystyrene (RPS)

**What you need to know:**

- 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.
- Plastic can become brittle when frozen, so we don’t recommend putting these products in the freezer.
- BlueStripe® products incorporate the highest amount of post-consumer recycled material available without compromising performance.
- BlueStripe® plastic products can’t be recycled in many communities, but check with yours to find out what they’ll accept.
How we think about Compostability

Compostability seems simple – either a product is compostable, or it is not, right? Not quite. In the compostable foodservice packaging world, there are different ways to think about whether something is compostable: Is it obviously going to break down into soil components, like a paper napkin? Is it third-party certified by the Biodegradable Products Institute (BPI)? Does your composter simply say, “I’ll take it!”? We want to provide some clarity on our use of this term, so you know what we mean when we use it in our communications.

To us, something is “compostable” if there is scientific evidence that the product will break down or become part of stable compost in a safe and timely manner, in a properly managed commercial compost facility. (If that language looks familiar, it’s because we basically lifted copy from the Federal Trade Commission’s Green Guides.) What counts as “scientific evidence”? For us, the minimum is ASTM International’s (ASTM) standards for compostability: ASTM D6400 for bioplastic and ASTM D6868 for fiber-based items (with or without a bioplastic coating).

For items that are designed to meet BPI’s requirements for compostability, we are committed to earning BPI certification. This includes all of our GreenStripe cold cups, hot cups, paper food containers, crystallized polylactic acid (cPLA) lids, polylactic acid (PLA) lids, cPLA cutlery, can liners, coffee sleeves, and Vanguard™ molded fiber. This includes all of our GreenStripe cold cups, hot cups, paper food containers, crystallized polylactic acid (cPLA) lids, polylactic acid (PLA) lids, cPLA cutlery, can liners, coffee sleeves, and Vanguard™ molded fiber. Our conventional non-Vanguard, molded fiber products use U.S. Food and Drug Administration (FDA)-approved compounds to achieve grease resistance. These do not meet BPI requirements and are not BPI-certified compostable. However, they do meet ASTM standards and thus are still considered “compostable at commercial composting facilities.”

In addition to our commitments to ASTM and BPI, we submit all of our BPI-certified items to the Compost Manufacturing Alliance for field testing to provide real-world validation that our products successfully break down in commercial compost facilities.

The only exception to our ASTM requirement are items that are considered “generally accepted as compostable.” This would be our wooden stir sticks and napkins – natural fiber items that most composters accept without question. It is also worth noting that at this time, we are working with our paper food tray and wooden cutlery suppliers to attain ASTM compliance and BPI certification for these products. We have made it clear that this is a priority for us, and we will continue to work with our partners to make progress on this issue.

To us, something is “compostable” if there is scientific evidence that the product will break down or become part of stable compost in a safe and timely manner, in a properly managed commercial compost facility.
Innovating in Product Design
To keep improving our product offerings, we research ways to make them as environmentally friendly as possible while preserving their functionality. For example:

» We began consulting with our Novolex colleagues about how we can incorporate post-consumer recycled content into some of our product sleeves, which we hope to pilot in 2020.

» We launched our new line of molded fiber products – Vanguard™ – which uses a proprietary chemistry combination that provides grease and water resistance without the use of per- and polyfluoroalkyl substances (PFAS).

» We began selling compostable cutlery for the Cutlerease™ dispensing system to make it more convenient and hygienic for foodservice operators to dispense BPI-certified compostable cutlery to their customers. This system also makes it easier to restock cutlery while reducing the transfer of germs and bacteria. It also reduces waste because it dispenses utensils one at a time.

» We increased our amount of post-consumer recycled content in our BlueStripe® cold cups from 25% to 30%.

Looking Ahead to 2020
» In 2020, we plan to offer our customers a Forest Stewardship Council (FSC) certified option for hot cups and soup cups. FSC certifies responsibly sourced paper fiber.

» In 2019, we explored certification for our sugarcane supply chain. In 2020, we plan to determine opportunities to incorporate certified sugarcane fiber into our supply chain.

» We will begin efforts that validate beginning-of-life environmental attributes for our raw materials. This would include Eco-Products’ top five substrates by 2022: virgin paper board, recycled paper board, sugarcane/bagasse, recycled polyethylene terephthalate (rPET), and polylactic acid (PLA). This will be done in partnership with our parent company, Novolex, to ensure we have a consistent methodology for evaluating different raw material types’ relative advantages and disadvantages.

Expanding into New Markets
In addition to exploring international sales opportunities in 2019, we also expanded our efforts in the grocery and retail segments. For example, delis are now using our meat and produce trays, and we will begin to sell take-and-bake pizza trays in 2020.
Supply Chain Management

We partner with a variety of suppliers across the globe. Due to the differences in culture, laws, and regulations, we promote sustainable business practices within our value chain to reduce costs and waste, improve efficiencies, achieve quality standards, drive responsible and ethical behavior, and maintain compliance.

Setting Performance Expectations
Global retailers and foodservice companies are demanding more rigorous and sustainable business practices in an effort to meet their established sustainability goals. To meet their (our customers) expectations for environmental and social responsibility, and to reinforce our shared values, we introduced a scorecard two years ago that assesses our suppliers’ efforts to measure and reduce the consumption of resources, such as water and energy, and to implement waste diversion programs.

As our business expands and customer expectations evolve, we are highly motivated to ensure our supply chain meets our – and others – expectations for social and environmental responsibility.

Our parent company also introduced a Supplier Code of Conduct in 2019 to convey our standards for ethical business practices. It contains provisions on responsible behavior, the protection of human rights and the environment, and more. To ensure our suppliers are in compliance, we plan to evaluate how well they adhere to the code and other operational expectations by continuing to conduct annual audits, and expand what we ask of our suppliers in regards to audits and certifications.

Looking Ahead
Like all companies operating internationally, we will continue to face uncertainty and rising costs associated with trade, tariffs, and new regulations. To control what impacts we can, we intend to incorporate new sustainability standards and certifications that will help our suppliers improve.

Just as we plan to seek beginning-of-life certifications for raw materials in 2020, we also will start to explore and incorporate more robust factory-level certifications across our supply chain. As our business expands and customer expectations evolve, we are highly motivated to ensure our supply chain meets our – and others – expectations for social and environmental responsibility. We recognize that with a complex supply chain like ours, this is easier said than done, but we are up to the challenge.

Novolex Supplier Code of Conduct
The Novolex Supplier Code of Conduct addresses: the following components:

» Human rights
» Environmental protection
» Health and safety
» Anti-corruption and fair competition
» Data protection and information security
People

Our 67 employees exude a passion for making the communities where they live healthier, cleaner, and more prosperous. Their sense of purpose drives the development of innovative products and creative solutions to our customers’ most pressing waste management problems. To entice like-minded professionals to work for Eco-Products, we provide an entrepreneurial and inclusive culture that enables employees to contribute meaningfully to fulfilling our mission.

Managing Growth
Due to our rapid growth, we have increased engagement with our teams to drive ongoing understanding and alignment with our vision and values, and address issues before they escalate. To help make this happen, our mid-managers reinstated a weekly meeting to discuss high-priority projects, upcoming needs, and potential roadblocks.

Through annual surveys and open lines of communication, we invite employees to provide feedback on ways we can improve communication, processes, and our work environment. To accommodate our growth, we made several building improvements during the year, such as updating our kitchen to provide more communal space and creating an outdoor space for meetings and breaks.

Developing Skills
We recognize that supporting our employees’ professional growth is critical if we want to continue on our growth trajectory (which we do!). This year, we had an offsite strategy meeting with the executive team and managers to review our strategic direction, work on leadership skills, and refocus our efforts as we embrace these years of rapid growth.

To help employees be mindful of their impacts, we ask them to incorporate at least one sustainability goal into their annual performance plan. These goals may range from carpooling to work to using reusable water bottles. In 2019, over 90% of our employees pursued these goals.

Embracing Diversity and Inclusion
We believe that diverse experiences, perspectives, and backgrounds will empower our company to be even better. We try to create an inclusive culture by fostering a work environment that embraces individuality and welcomes all of our employees to bring their true selves to work.

Although our headquarters (HQ) is located in a community that is nearly 88% Caucasian, we actively seek to hire more underrepresented and ethnic minorities. We promote job openings with local minority associations, but we still have a long way to go to build a more diverse workforce. As a certified B Corp, we consult with other member companies to learn about their strategies that have been effective in strengthening diversity and inclusivity. We are committed to improving in this area.

Working with Integrity
Our employees are expected to abide by Novolex’s Employee Code of Conduct, which sets out seven guiding principles of ethical conduct and compliance for their business interactions. If concerns arise, employees and contractors can report issues anonymously and without fear of retaliation.

Supporting our Community
Most of our employees call the city of Boulder and the surrounding areas home. Regardless of where our employees live, most want to share their time, resources, and expertise to make their neighborhoods better. To encourage community involvement, we offer all employees one paid day off a year to support a cause or organization of their choice.

Our goal is to have at least 55% of our workforce take advantage of this benefit, and we are happy to report that we beat this threshold in 2019. We also helped over 200 organizations by donating products for their events or general activities. When charitable and civic organizations reduce their operating expenses, they can devote more funds to their mission. We recognize our donations may not have a huge impact, but we believe every little bit helps, and we are proud to support causes that inspire us.

To support local Zero Waste initiatives, in 2019, we hosted three local events at our HQ with other like-minded organizations. One of these events was hosting local B Corps to discuss waste issues in Colorado. Speakers from Recycle Colorado and Eco-Cycle shared insights on the waste and recycling industries, with a specific focus on developments here at home in Colorado. We also hosted members of the community to join us for Boulder Green Drinks, where we discussed the energy efficiency projects that we completed in 2019, as well as the general landscape for compostable packaging. Lastly, we hosted a Naturally Boulder event where Colorado-based companies in the natural products industry gathered to mingle and discuss the role of sustainability certifications in building a brand.
As an equal opportunity employer, Eco-Products screens, hires, promotes, transfers, and compensates all qualified applicants and employees without regard to age, race, color, national origin, sex, pregnancy, sexual orientation, or gender.

Excellence in All We Do

We set a company goal in 2019 to create a culture of excellence in all we do. Whether it is providing excellent customer service, new hire onboarding, or product distribution, we are holding ourselves accountable for raising the bar on our performance.

We feel that we have always been committed to excellence, but to best manage our rapid growth, there is a need for a more focused effort in this area to ensure our processes and systems are scalable as we continue to grow.

Novolex Employee Code of Conduct:
1. Obey the law
2. Avoid conflicts of interest
3. Keep accurate and honest records
4. Honor business obligations
5. Treat people with dignity and respect
6. Protect company information, assets, and interests
7. Commit to be a responsible global citizen
Our obsession with Zero Waste doesn’t stop with our products and customers. We seek out opportunities to curtail our consumption of materials, energy, and water and reduce other environmental impacts where we can in our everyday operations.

Managing Materials
As we do with our customers, we train employees on how to minimize waste and properly sort items to be composted or recycled. These efforts are made in order to reach our 90% waste diversion goal.

We monitor our headquarters’ (HQ) waste diversion throughout the year by conducting multiple waste audits. In 2019, our audits showed that we diverted 72% of materials to composting and recycling, on average. As our customers know, achieving Zero Waste is a journey, and clearly, we still have work to do to get to 90%.

That said, employees are not restricted on what food they bring into the office. Sadly, packaging for many frozen and prepared foods available at many grocery stores is not yet recyclable or compostable. We encourage employees to reduce waste, yet we also want to allow flexibility for meals consumed in our office. With this element of our waste stream beyond our control, achieving 90% diversion will require diligence and continued education.

Conserving Water
Water scarcity and drought are causing considerable impacts across the globe, and this is a particularly relevant issue in arid Colorado. Compared to other business types, we know that our office is not a water-intensive operation. However, to be mindful of our water use, we have invested in low-flow toilets and efficient kitchen appliances and landscaping.

Our goal is to keep our water use at 2016 levels despite employing more people at our HQ. Our water consumption rates in 2019 were slightly higher than it was in 2016, most likely due to our new kitchen and increasing headcount. By year-end, we used 179,350 gallons of water, a modest increase of 3% over the previous year, but an 18% increase over our baseline year of 2016.

To restore our water consumption, we purchase gallon-for-gallon water restoration certificates from the Bonneville Environmental Foundation. This also allows us to support water restoration projects across the nation – a win-win for everyone.
**Business Travel**

Our largest operational impacts stem from air and auto travel needed to make our business run. To encourage savings, both in cost and carbon emissions, we ask our team to “Skip the Trip” whenever possible and utilize video conferencing and conference calls instead. However, sometimes there is nothing like a good old face-to-face meeting with an operator, distributor, or composter. It is difficult to guide a facility manager through the ins and outs of composting for his or her location if we’ve never been there!

**Airline Travel**

As a leading brand in a fast-growing category, there is no shortage of travel demands to meet customer needs and engage with our industry. Our goal in 2019 was to decrease both airline miles and reimbursed car mileage by 5%, normalized to sales. Unfortunately, in 2019, we saw an increase in airline miles by 17% normalized to sales -- a significant jump. However, it’s not entirely surprising to us. Had our headcount remained steady, we still would have seen an increase in travel given the growth of our business and increased sales opportunities.

On top of that, we expanded our sales team and added additional travelers to our roster. We are proud that these folks hit the skies running, but we recognize the environmental impact of so much travel. Another factor likely impacting our numbers is the fact that we have switched airline travel reporting tools twice in the last two years. Looking back on 2018 airline travel data, it seems that we probably had gaps in our flight data due to these changes. For 2019, we felt we had a more complete data set and did a better job ensuring that we accounted for every flight. We think this contributed to the airline mileage increase, as well.

**Reimbursed Car Mileage**

We saw a decrease of 4% in reimbursed mileage normalized to sales, which is just shy of our 5% reduction goal. Nevertheless, we are pleased to see this metric moving in the right direction, even if the reduction was not quite as much as we had hoped.

Overall, we saw an increase of 1.4% in terms of carbon emissions for business travel normalized to sales. Moving forward, we will double down on our “Skip the Trip” mantra and make sure that each flight is necessary. No doubt, our business will continue to grow and that will mean increased travel; however, we will strive to be more efficient with every mile year to year.
Electricity and Natural Gas Use

We work to reduce electricity consumption and to optimize the efficiency of our 17,600-square-foot HQ building. While we lease our office and don’t have total control of the building, we have made tremendous investments over the years to reduce energy consumption – from replacing lighting with LED lights to installing a high-efficiency heating, ventilation, and air-conditioning (HVAC) system. Our investments helped us reduce overall electricity consumption by 6.3% in 2019, year-over-year. We are extremely proud of this.

Our goal is to operate our HQ at net zero electricity. After making several building efficiency upgrades in 2018, we installed an additional 25 KW of solar panels on our roof this past summer. This brings us to a total solar capacity of 65 KW on our HQ roof. Our solar arrays generated 54,109 kilowatt-hours of energy – accounting for 81% of our electricity needs.

Additionally, we used 7,315.10 therms of natural gas to heat our building, an increase of 8.3% from 2018.

Operational Carbon Footprint

Annually, we measure our operational carbon footprint as well as our product footprint. For 2019, we saw a dramatic increase in our emissions associated with operations. This was due to a few key factors, namely our increases in our business travel, which we discussed earlier, as well as other factors we want to address.

In addition to the business travel increase, we also saw an increase in emissions associated with solo commuters. However, this was because we had previously omitted the emissions of our employees who had been commuting using a Leadership in Energy and Environmental Design (LEED)-approved, low-emissions vehicle from our calculations. These employees qualify for a small financial incentive every month.

Additionally, for the first time, we also began to account for emissions associated with refrigerant use in our HVAC system. This change was made to conduct a more accurate, sophisticated assessment of our building emissions. We are proud of this step we took, even if it does lead to an increase on paper.

There were also two instances where the factors used to convert consumption metrics into emissions were changed by third parties. Simply put, we gather data, such as the number of kWh of electricity we use or the amount of paper we consume. We then look to third-party sources of “factors” to convert those metrics into emissions. In 2019, we saw increases in the emissions factors associated with paper use and the losses from transmission and distribution of grid electricity. Interestingly, we actually saw a decrease in both overall usage numbers (for the consumption of electricity and paper use), but the emissions related to these activities went up because of the updated factors.

These changes were done in the name of being as accurate as possible so that we can understand and offset our actual carbon emissions. While the increase was not welcome news, having better insight on our actual footprint is more in line with our authentic, transparent approach to sustainability.

Like we do every year, we purchased carbon offsets to mitigate our operational impacts. For our 2019 operational emissions we purchased 614 metric tons of carbon offsets. Since 2014, we have purchased 2,748 metric tons of offsets – the equivalent of keeping over 594 passenger vehicles off of the road or powering 317 homes for one year.

We were so proud to be able to expand our solar installation on our roof by 25KW. A massive thanks to our partners in this effort and our landlord for supporting our Net Zero Electricity pursuit!

We also purchased Carbon Offsets to mitigate our operational impact. For our 2019 operational emissions we purchased 614 metric tons of carbon offsets. Since 2014, we have purchased 2,748 metric tons of offsets – the equivalent of keeping over 594 passenger vehicles off of the road or powering 317 homes for one year.

Eco-Products Electricity (1,000 kWh)

Total Operational Emissions (Metric Tons CO₂E)
The carbon impacts associated with our HQ building and all company travel and commuting.

For our 2019 operational emissions we purchased 614 metric tons of carbon offsets. Since 2014, we have purchased 2,748 metric tons of offsets – the equivalent of keeping more than 594 passenger vehicles off of the road for one year.
2019 Sustainability Highlights

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<thead>
<tr>
<th>Zero Waste Operators</th>
<th>People</th>
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<tr>
<td>We expanded our Operator Specialist team, with five positions across the US, to help more customers adopt Zero Waste practices. This team was a big reason why we converted over 13 new Zero Waste operators in 2019.</td>
<td>We completed a study with local non-profit, Eco-Cycle, that showed that compostable products and durables are the most effective approaches for capturing food waste with minimal contamination in the front-of-house.</td>
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<td>We held a manager level training to sharpen our people management skills, and grow as a team.</td>
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<td>Over 55% of our employees used their paid time off to volunteer in their community.</td>
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<tr>
<th>Products</th>
<th>Operations</th>
</tr>
</thead>
<tbody>
<tr>
<td>We launched our new line of molded fiber products – Vanguard™ – which uses a proprietary chemistry combination that provides grease and water resistance without the use of per- and polyfluoroalkyl substances (PFAS). Vanguard was the first molded fiber foodservice packaging offering that achieved BPI certification under updated requirements.</td>
<td>We began selling compostable cutlery for the Cutlerease™ dispensing system to make it more convenient and hygienic for foodservice operators to dispense BPI-certified compostable cutlery to their customers. This system also makes it easier to restock cutlery while reducing the transfer of germs.</td>
</tr>
<tr>
<td>We installed an additional 25 KW of solar on our roof in Boulder, CO.</td>
<td></td>
</tr>
<tr>
<td>We offset Scopes 1 &amp; 2 emissions associated with our headquarters in Boulder, as well as Scope 3 emissions from paper consumption, business travel, and employee commuting.</td>
<td></td>
</tr>
<tr>
<td>We restored 179,350 gallons of water with Bonneville Environmental Foundation, which was equal to the amount used at our HQ in Boulder in 2019.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Zero Waste Infrastructure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Within the U.S., we continued to pursue our aspirational goal of expanding access to commercial composting in three communities by 2020. The three targets that we have been primarily focusing on are Atlanta, Chicago, and Sacramento. This year, we saw meaningful progress toward this goal in all three communities, in addition to many others across the country.</td>
</tr>
<tr>
<td>We gained approval in two Compost Manufacturing Alliance (CMA) Technologies for accepted foodservice packaging items at large scale composting sites around the country.</td>
</tr>
<tr>
<td>We increased our understanding and familiarity of the organics recycling industry in Canada while working with our sister company – Polar Pak.</td>
</tr>
</tbody>
</table>
As you can see in the graph above, our operations contribute very little to our overall carbon footprint. We made the footprint graphics to the left equal in size so you can clearly read the data, but really our products are responsible for most of our carbon emissions by far. If the feet were to scale, it would look more this:

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.

Eco-Products Carbon Emissions (Metric Tons CO\(_2\)E)

As you can see in the graph above, our operations contribute very little to our overall carbon footprint. We made the footprint graphics to the left equal in size so you can clearly read the data, but really our products are responsible for most of our carbon emissions by far. If the feet were to scale, it would look more this:
The mountains are calling and I must go
and I will work on while I can, studying incessantly.
- John Muir

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