



We are pleased to issue our fifth 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**



2018 SUSTAINABILITY REPORT

Letter from the President	2
Who is Eco-Products?	3
Our Sustainability Approach	4
2017 Progress Report	5
2018 Goals	7
Zero Waste Infrastructure	8
Zero Waste Operators	11
Products	12
Supply Chain Management	16
People	17
Operations	20
Case Studies	23

Letter from the President

2017 was a year of great progress on the path towards our Zero Waste future. As you will see in this report, we helped create front-of-house waste diversion success stories from coast to coast. Achieving a working Zero Waste system in a foodservice operation is no longer simply for those in Seattle, San Francisco, or Vermont. We are seeing traction in Minnesota, Ohio, Tennessee, and Colorado, just to name a few. Additionally, we continue to see tremendous courage and leadership in the form of emerging Zero Waste legislation from East Coast powerhouses like New York City and Washington, D.C., to Minneapolis, Seattle, and right here in Boulder, Colorado.

Most impressively, we consistently see that once a conversation has begun around organics diversion from landfills, a broader discussion ensues regarding a range of sustainability initiatives such as climate change and food insecurity, and we are proud to be on the forefront of that exchange of ideas.



IAN JACOBSON
President
Eco-Products

With that being said, the difficulties of creating a circular economy have never been more real. Recycling in general, and recycling plastics in particular, has seen a significant increase in threats posed by the Chinese National Sword Policy, effectively halting the export of collected recyclable material to China. Given the vast amount of material we've historically exported to China for recycling, this could have devastating impacts on the U.S. recycling industry. In related challenging news, the reported progress toward Zero Waste goals within some of our leading communities and states has stalled. For example, California and San Francisco struggle to push their diversion rates to the next level as they rely primarily on traditional recycling approaches. We continue to believe that improved organics diversion infrastructure — that includes the capacity

for commercial composting of foodservice packaging and the food that accompanies it — will be necessary to achieve the ambitious Zero Waste goals set by these progressive communities. We remain confident that despite the macro headwinds, the success stories we continue to demonstrate at leading corporate campuses, college campuses, stadiums, hospitals, and restaurants will continue to show a successful path forward.

As we reflect on our sustainability goals in this annual report we are excited by the number of multiyear goals we've achieved since our reporting began in 2014. We also continue to be humbled by goals we've set for ourselves that remain stubbornly out of reach. As in past years, both the good and the bad will be made plain in the pages that follow. We remain steadfast that expanding access to commercial composting remains our top sustainability priority. While we are still not where we need to be, we are working with industry organizations such as the Food Service Packaging Institute®, BioCycle®, Sustainable Packaging Coalition®, and the U.S. Composting Council® to better understand where the gaps are in composting infrastructure and how to best fill them. We plan to continue to build on this work with renewed focus in 2018.

Internally, we continue to evolve our business to better help our partners reach their Zero Waste goals. We are especially excited about a few key advancements in 2017:

- » **Adding Operator Specialists:** We created a new sales/sustainability hybrid role that will work with large operators to help them push toward Zero Waste. These individuals serve as “Sustainability Mavens in the field” and further our focus on connecting our customers with local composting infrastructure to close the loop.
- » **Expanding our Waste Diverters Database:** We continue to make great progress on the creation of a Waste Diverters Database that tracks new and potential waste diverting success stories within our customer base. In 2018, we plan to use this new database to drive diversion throughout our operators. Just one more way that we are putting our customers' needs front of mind.
- » **Development of our Supplier Scorecard:** Tracking and reducing the impacts of our broader supply chain has been a key objective since our first sustainability report. This year, we began implementing this tool in the field, which has provided a standardized way to discuss progress on the sustainability initiatives of our suppliers and help them prioritize our shared goals within their operations.
- » **Achieved a B Corp Inclusivity Challenge Objective:** Inspired by B Lab to set a sustainability goal focused on inclusivity, we set a goal to push for expanded commercial composting in diverse and underserved communities. To that end, we held our first Zero Waste Fest in Longmont, Colorado, to bring our expertise to this local community. We plan to replicate this effort in other communities in our state.

The year ahead looks to be every bit as exciting as 2017 has been for Eco-Products. While challenges remain and the work is never easy, the measurement and goal setting that comes from the sustainability reporting process keeps us focused and engaged on our mission to be part of the vanguard of our Zero Waste future. This annual measurement of our progress, our achievements, and our shortcomings keeps us energized as well as humbled, but it's the shared waste diversion success stories that renews our spirit and fuels our passion.

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

Who is Eco-Products?

Eco-Products is the world's leading brand of single-use foodservice packaging made from renewable resources and post-consumer recycled content.

Our plates, cups, containers, bowls, utensils and more are, relative to their traditional counterparts, gentler on the environment because they require fewer virgin resources to produce, and make diversion from landfills an option upon disposal.

What makes us different from other foodservice packaging providers is not just our products, but our overall commitment to being a leader in the pursuit of Zero Waste¹. For us, environmentally friendly packaging is just the beginning. To achieve our vision of a Zero Waste future, we have become experts and advocates for redefining the role packaging plays in our society. We obsess about all things Zero Waste so our customers don't have to. When it comes to the intersection of packaging and sustainability, **we got this.** ■

27 Years in business	55 Employees	\$178 million 2017 revenue	350+ Environmentally preferable products
B Corp. Certified	Markets Served U.S., Canada & Europe	Boulder, Colorado Headquarters	Newell Brands Parent Company
Customers <ul style="list-style-type: none"> » Colleges and universities » Sporting, concert, and entertainment venues » Health systems and hospitals » Corporate campuses » Restaurants » Concessionaires » Distributors 		Stakeholders <ul style="list-style-type: none"> » Employees and shareholders » Customers, prospects, and brokers » Suppliers and vendors » Industry and Zero Waste organizations » Community and business leaders » Commercial processors/haulers » Policymakers 	

Eco-Products is more than just a packaging company; we are a true sustainability partner.

- » We engage in and lead industry initiatives to advance commercial composting infrastructure and Zero Waste knowledge.
- » We employ dedicated sustainability staff to help customers set up and execute waste diversion programs.
- » We aid our customers in compliance with expanding Zero Waste legislation.
- » We provide customized marketing services to help customers amplify their brand and convey their environmental commitment.
- » We sponsor research to quantify benefits and identify best practices for using compostable packaging to divert both packaging and food scraps from landfills.

¹Zero Waste is a philosophy to reuse and recycle as much material as possible instead of sending it to landfills or incinerators.

Our Sustainability Approach

At Eco-Products, sustainability is not a marketing gimmick or a stand-alone initiative. It's at the heart of who we are.

Our strategic objective is to advance our position as a leader in sustainability and Zero Waste, through a reimagined approach to foodservice packaging. While we know that we can only control some impacts and simply influence others, we won't stop demonstrating sustainable business practices and helping others to do the same.

As a certified B Corp, we have third-party validation of meeting the highest standards of social and environmental performance, transparency, and accountability.

Each year, we set goals and disclose our progress in this report. We also consult with B Lab (the organization that runs the B Corp movement), our Sustainability Advisory Committee, industry leaders, and our own employees and customers on steps we should be taking to operate more responsibly and sustainably.

Additionally, we look to global initiatives and practices for guidance on our journey, such as the United Nations' Sustainable Development Goals (SDGs). These 15-year goals included 169 targets that any institution could implement to improve humanity and our planet by 2030. Many of our sustainability strategies align with the SDGs. (See chart to the right.)


Why Do We Report?

We publish this report because we don't feel right about calling ourselves "a green company that happens to operate in disposables" unless we publicize our social, environmental, and operational performance.

Developing a sustainability report forces us to look at things differently and holistically. By setting public goals, we are holding ourselves accountable for raising the bar and being transparent about our progress. It also led to the formation of cross-functional teams who meet regularly to discuss emerging issues and address challenges. Looking at our operations through a sustainability lens helps us reduce risks and align our business strategies to succeed long term. And finally, we think that our customers deserve to know the progress we have made.

About this Report

This sustainability report highlights Eco-Products' key sustainability achievements and challenges during calendar year 2017 related to our direct operations, products, employees, supply chain, and customers. It chronicles activities that occurred within our walls, in the field with our customers, and with industry organizations as we help push toward Zero Waste. ■

UNITED NATION'S SUSTAINABLE DEVELOPMENT GOALS		
GOAL	APPLICABLE TARGETS	HOW WE'RE ADDRESSING
	Ensure sustainable food production systems and implement resilient agricultural practices.	Using compost instead of fertilizers enriches soils, increases crop production, and helps to sequester carbon. We are working with customers to divert food scraps and our packaging to composters instead of landfills, as well as partnering with industry associations to expand composting infrastructure.
	Increase substantially the share of renewable energy in the global energy mix.	Installed solar panels and are pursuing net-zero electricity consumption at our headquarters. Some suppliers are converting their energy sources from coal to natural gas as well. While we hope our suppliers will get to renewable energy sources as quickly as possible, we applaud the positive step of moving away from coal.
	Achieve full and productive employment and decent work for all women and men.	Stimulating our local economy through the wages and taxes we pay, and the products and services we procure. We also are striving to make our workplace as inclusive as possible.
	Reduce the adverse per capita environmental impact of cities, including by paying special attention to waste management.	Engaging community leaders and policymakers to invest in infrastructure and implement policies that will divert organic material and foodservice packaging from landfills.
	Substantially reduce waste generation through prevention, reduction, recycling, and reuse.	Helping customers deploy and promote Zero Waste programs and engage municipal and community leaders on the benefits of material diversion.
	Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction, and early warning.	Teaching customers, employees, and community leaders how to reduce wasted food, which is the source of more greenhouse gases than any country, with the exception of the U.S. and China.

Sustainability Advisory Committee

ERIN DECKER
Director
Cleantech Client Management
Schneider Electric

JEFF HOHENSEE
CEO
Grow-Ray

RAMSAY HUNTLEY
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Rebates as a Service (RaaS) Solutions
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CBRE

DAVE NEWPORT
Director,
Environmental Center
University of Colorado









VIRGINIA "G" WINTER
Principal
Equinox Consultancy LLC

2017 Progress Report

	What we said we'd do . . .	What we did . . .	Status
Zero Waste Infrastructure	In 2017, conduct waste characterization studies to quantify incremental food scrap diversion through the use of compostable packaging for at least three different operator types	» Partnered with Eco-Cycle and the University of Colorado Leeds School of Business to conduct studies at three types of food operations. The study began in the fall of 2017 with two operator types and will be complete by the summer of 2018.	 Started but incomplete
	By 2018, support establishing a baseline of the U.S. population with access to composting compostable foodservice packaging	» Supported an industry study that cataloged accepted feedstocks at composting facilities around the country.	 In Progress
	By 2020, play an active role in the successful expansion of access to commercial composting of foodservice packaging in at least three communities	» Strengthened existing relationships and created new connections with multiple communities to better understand the challenges that they face and identify where we can assist.	 In Progress
Zero Waste Operators	In 2017, develop a baseline of our waste diverting customers and establish a mechanism for identifying and tracking them going forward	» Began creating a database that combines customer data with information on composters and waste diversion legislation. We hope to have the tool operational by mid-2018.	 Started but incomplete
	In 2017, help at least nine foodservice operators implement a front-of-house Zero Waste program (i.e., one per sales region)	» Enabled 11 operators to implement a front-of-house composting program, covering most, but not all, sales regions. » We should have written this goal differently, because starting 11 Zero Waste programs is an awesome achievement, regardless of location.	Achieved. Kind of?
	By 2018, implement a Zero Waste program with a strategic partner, such as a foodservice management company or distributor	» Engaged potential partners and deepened relationships with several with the hope of implementing a broader waste diversion program in 2018.	 In Progress
People	In 2017, develop a program for promoting Zero Waste in underserved communities	» Held a Zero Waste Fest in nearby Longmont, a community that recently began a residential curbside composting program. Longmont has both a higher poverty rate and a higher percentage of residents of Hispanic descent than surrounding Boulder County. ²	 Achieved
	In 2017, provide employees training on diversity and inclusion	» Reached out to diversity and inclusion experts, but did not execute a training.	 Not Achieved

² The City of Longmont has a 14.1% poverty rate compared to 12.9% in Boulder County. The percentage of residents of Hispanic descent in Longmont is 26% compared to Boulder County's 14%. All data are based on 2015 demographic information found at <https://datausa.io/profile/geo/longmont-co/?compare=boulder-county-co#demographics>.

2017 Progress Report

	What we said we'd do . . .	What we did . . .	Status
Products	In 2017, develop a supplier evaluation scorecard that includes sustainability criteria for supplier evaluations	» Developed a scorecard that included a sustainability component, presented it to suppliers, and assigned a score.	 Achieved
	By 2018, work with suppliers to prioritize sustainability commitments and track progress	» Began discussions with suppliers using the scorecard above, and will discuss their potential sustainability-focused next steps in 2018.	 In Progress
	By 2018, collaborate to develop a scalable model for foodservice film recycling	» Held discussions with the American Chemistry Council to collaborate on their plastic film recycling program; however, due to the fluctuating plastics recycling landscape, this project was put on hold.	 In Progress
	By 2020, discontinue legacy products that do not meet current material standards for renewable resources and post-consumer recycled content	» Discontinued our virgin polypropylene lid!	 Achieved
Operations	Achieve net zero electricity consumption at our headquarters (HQ)	» Discussed energy efficiency investments and financing options with our landlord. Purchased carbon offsets to balance 100% of our operational carbon emissions.	 In Progress
	By 2017, reduce HQ water consumption³ by 10%.	» We narrowly missed our goal by reducing water consumption 9.9% from 2014 levels. » On average, annual water consumption since 2014 did exceed our 10% reduction goal, with only 2017 coming in under that threshold.	So close!
	By 2017, increase HQ waste diversion to 90%.	» Increased our annual waste audits to four. This gave us a better look at what we are recycling and composting, any contamination that is in those streams, and what is left over in our landfill stream. Based on our audits, we diverted 82% of our total material from the landfill.	 Not Achieved
	In 2017, decrease carbon dioxide emissions from air travel by reducing the total miles flown per \$1,000 of sales by 5%.	» We are proud to say that we decreased total miles flown per \$1,000 of sales by 19%.	 Achieved
	In 2017, maintain reimbursed vehicle mileage at the 2016 level, while still growing our business.	» Unfortunately, our reimbursed vehicle mileage increased by 10% compared to 2016.	 Not Achieved

³ Net zero electricity consumption means the amount of energy used is roughly equal to the amount of renewable energy created on the site (in our case, through solar).

2018 Goals

Differentiation		Foundation			
Zero Waste Infrastructure	Zero Waste Foodservice Operators	Products	People		
<ul style="list-style-type: none"> » In 2018, complete waste characterization study with Eco-Cycle » In 2018, support establishing a baseline of the U.S. population with access to composting facilities that accept compostable foodservice packaging » By 2020, play an active role in the successful expansion of access to commercial composting of foodservice packaging in at least three communities 	<ul style="list-style-type: none"> » By 2019, use our waste diverters database to create baseline of waste diverting national account customers » In 2018, help at least nine foodservice operators implement a front-of-house Zero Waste program » In 2018, implement a Zero Waste program with a strategic partner, such as a foodservice management company or distributor 	<ul style="list-style-type: none"> » In 2018, conduct a review of the sustainability component of our supplier scorecard with key suppliers, and work with them to prioritize sustainability commitments and track progress » By 2019, explore more sustainable options for both beginning-of-life and end-of-life for the materials used in the packing and shipping of our products » In 2018, explore methods to better quantify the beneficial impacts of our products » By 2020, implement a process to continually identify and remove non-compostable products from waste- diverting national account operations 	B Corp Inclusion Challenge <ul style="list-style-type: none"> » In 2018, replicate Zero Waste event program in one local underserved community with a local partner organization » In 2018, provide employees training on diversity and inclusion » Every year, publish open positions to associations for underrepresented groups and analyze our current hiring practices to ensure that diversity, equity, and inclusion is considered. 	Benefits & Development <ul style="list-style-type: none"> » In 2018, offer three employee-led lunch and learns to provide opportunities to develop presentation skills and strengthen cross-functional employee connections » Every year, at least 55% of our employees will take advantage of their paid time off to volunteer » Every year, at least 90% of our employees will include a sustainability goal in their performance review » In 2018, provide training to managers on best managerial practices 	Operations <ul style="list-style-type: none"> » By 2020, keep HQ water consumption at 2016 levels, while growing the number of employees in Boulder » In 2018, increase HQ waste diversion to 90% » Achieve net zero electricity at HQ » In 2018, decrease carbon dioxide emissions from air travel by reducing the total miles flown per \$1,000 of sales by 5%. » In 2018, decrease reimbursed vehicle mileage per \$1,000 by 5%.

Zero Waste Infrastructure

To fulfill our mission to advance Zero Waste systems and help our customers be better environmental stewards, we need to increase their access to composting facilities that will accept their front-of-house food scraps, soiled paper, and compostable packaging. Many cities do not have enough composters generally, and there are even fewer that accept food scraps and foodservice packaging to be composted. There are a few reasons for this:

- 1. Incoming feedstock is not guaranteed:** For composters to make money, they must turn the incoming material into finished compost and sell it. Without mandates to keep organics out of landfills and send them to composters, composters have a difficult time proving to banks that their business model will be successful. And without financing, it can be difficult or impossible to invest in the equipment needed to run a modern composting operation that can process packaging.
- 2. Contamination is expensive:** Due to an inability or unwillingness on the part of many consumers to properly sort materials into different bins, incoming material must be sorted at composting facilities, requiring time and labor. Non-compostable items, such as glass or traditional plastics, can damage processing systems and devalue finished compost.
- 3. End markets need to be developed:** Revenue for a composting business is usually generated by charging for accepting incoming material and selling finished compost. Unfortunately, in many parts of the U.S., finished compost isn't particularly financially valuable because demand is low.
- 4. Policy doesn't make it simple:** Legislation requiring composting is not widespread, and where there is legislation, requirements can vary by locale. This makes it difficult to put universal composting infrastructure and diversion programs in place. Also, lengthy permitting processes and high costs to bring a composting site into compliance with local regulation can make it difficult to build new facilities or simply run established ones.
- 5. Hauling is complicated:** With limited foodservice operators opting to compost, haulers have difficulty serving those who do because it is hard to make routes profitable when the pickup locations are far apart. In many parts of the U.S., it can cost more to haul materials to composting or recycling facilities than it does to dispose of them in landfills. The additional cost to divert material disincentivizes operators from participating in waste diversion practices.

The Zero Waste Systems Solution

For foodservice operators to keep as much material out of landfills as possible, we advocate a systems approach. This entails looking at materials management holistically – starting with procurement, while keeping the end in mind.

Waste diversion is all about minimizing what goes to landfills and maximizing what gets composted or recycled. If what comes into the building is all compostable or recyclable, it simplifies waste diversion and reduces the risk of contamination.



Human behavior is a factor too. Unfortunately, many people won't take the time to properly sort materials into different bins. If everything on the tray, including the tray, is compostable, it is easier for consumers to compost both their packaging and any uneaten food. Leading organizations have gotten to the point where they have a recycling bin for cans and bottles, and a compost bin for everything else. Not a landfill bin to be found in front-of-house!

How We're Responding

We are working to increase the number of composters that will accept food scraps and compostable foodservice packaging. We are confident that when done correctly, composting front-of-house at a foodservice operation leads to increased waste diversion with minimal contamination.

To further our understanding of what it takes to maximize waste diversion, we began evaluating best management practices for front-of-house diversion programs. We collaborated with the University of Colorado's Leeds School of Business and Eco-Cycle, a

local nonprofit recycler and Zero Waste thought leader, to conduct studies at four types of food operations: full-service restaurants, fast casual restaurants, corporate cafeterias, and grocer-delis.

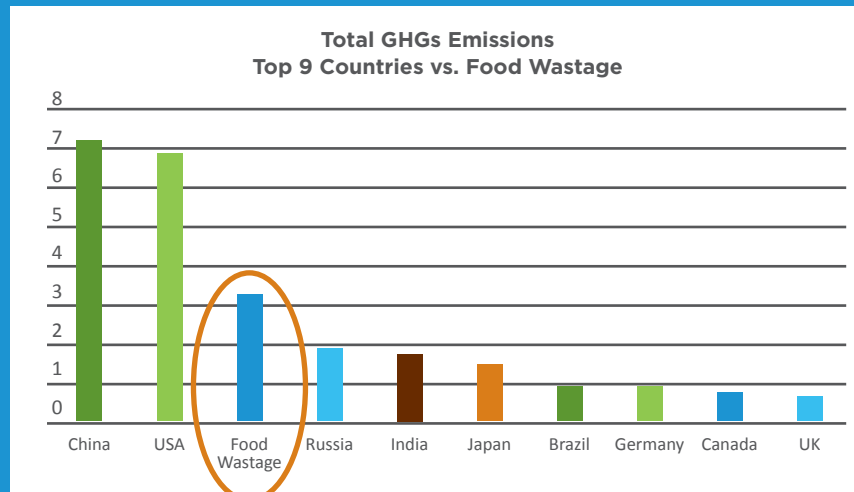
In addition to identifying best practices for waste diverting operations, these studies will also quantify the amount of food scraps captured in front-of-house through the use of

compostable packaging. Our hope is that this data will make a compelling argument for composters seeking food scraps to accept packaging as a feedstock. We look forward to reviewing the findings when the study is complete in mid-2018.

In 2018, we will work with the Compost Manufacturing Alliance to learn more about how our products break down when they are processed at a composting facility. We hope to identify the ideal conditions for the degradation of our products. Once best practices for composting foodservice packaging have been established, we look forward to working with composters across the country to put these practices into place and examine our compostable product bundle to ensure that we are continuing to design for compostability.

Why it is Important

When organic materials (e.g., food scraps or green waste) go to the landfill, they emit methane, a powerful greenhouse gas. In fact, when carbon emissions from global food waste were quantified and compared with emissions from countries around the world, “food waste” came in third (behind the United States and China). Needless to say, food waste in landfills is a big problem that will require all of us working hard together to fix.



FAO “Food Waste Footprint: Impacts on Natural Resources” 2013 Summary Report



The Value of Compostable Packaging

The Sustainable Packaging Coalition’s “The Value of Compostable Packaging”, published in 2017, found that more food scraps can be diverted if served using compostable foodservice packaging since it is easier to simply toss both food and the accompanying packaging into one bin. For example, the Farm Aid 2016 music festival was committed to compostable packaging. As a result, the composter was willing to accept the front-of-house organics stream and received 122% more food scraps than they would have if they had just accepted back-of-house organics. According to the report:



“By using a complete suite of compostable foodservice ware, not only can contamination be mitigated as consumers are able to easily dispose of food and packaging together, but compostable packaging can help deliver maximum food scraps to compostable bins.”

Among the sites studied, the average diversion rate was an impressive 86%. Amazing what using compostable packaging can do for your diversion!

Also during 2017, we continued pursuing our goal to expand access to commercial composters in at least three U.S. communities by 2020. We are leveraging our network of contacts to identify promising areas. This effort has proven to be no easy task; however, we have seen positive progress in several communities. Achieving this goal could take many forms, but we are particularly interested in getting existing composters on board with accepting front-of-house organics from foodservice operators that buy-in to our Zero Waste systems approach and commit to the exclusive use of compostable packaging as a way to minimize contamination. If your community has limited commercial composting access for food scraps and foodservice packaging, please reach out. We would love to work with you to achieve success.

Market Restrictions Threaten Recycling as We Know It

Recycling only works if there is enough demand for recycled material to warrant the cost of building and running facilities to process and sell those materials. Historically, a large amount of the post-consumer plastic collected for recycling was being exported to Asian countries to be turned into “new” plastic items. In 2017, one of the world’s largest importers of post-consumer plastic, China, rattled the industry when it imposed restrictions on what it would accept and the level of contamination that it would allow.

This new policy, called “National Sword,” has already had a negative impact on the plastic and fiber recycling industries around the world, essentially shutting down the markets for these materials and leaving recyclers scrambling to find other buyers. It remains to

If more companies like ours manufactured products using post-consumer recycled content, it would increase the value of recycled plastic resins. We were thrilled to see MARS, M&S, PepsiCo, The Coca-Cola Company, Unilever and Werner & Mertz pledging to use 100% reusable, recyclable or compostable packaging by 2025, which will increase demand for these materials.

be seen what the long-term impact will be and how countries around the world will respond.

Because of this new policy, as well as the sustained low prices of virgin plastic, demand for certain types of post-consumer plastic and/or contaminated plastics is very weak. Unfortunately, this makes it highly unlikely that these items will be actually recovered and recycled in the United States, at least for the foreseeable future.

How We’re Responding

We recognize new end-markets cannot be established overnight. However, we are hopeful that domestic markets for post-consumer recycled plastics and paper will continue to develop in response to the dire situation. This is why we support industry groups in their expansion and development of domestic recycling opportunities.

We are very proud of our use of post-consumer recycled material – both plastic and paper fiber – in our BlueStripe line. Furthermore, we are always looking for ways to increase the amount of post-consumer content in our products, and we urge our partners to do the same. Groups such as the Foodservice Packaging Institute and the Sustainable Packaging Coalition are doing great work to increase the use of post-consumer recycled content across the foodservice packaging industry, and we look forward to the success that they will hopefully see in the coming year. While designing products for recyclability and promoting recycling markets through increased demand for post-consumer material was very important prior to the National Sword policy, the need for packaging to fit into circular economic systems has clearly become even more important.

With all this being said, we stand by the idea, stated so well in the Ellen MacArthur Foundation’s report, “The New Plastics Economy: Catalyzing Action”, that for “nutrient contaminated” packaging, compostables are the best way to go. That’s why we are collaborating with our partners – such as the U.S. Composting Council, Biodegradable Products Institute, the Foodservice Packaging Institute, the Composting Collaborative, the Sustainable Packaging Coalition, and BioCycle – to identify and promote local composting solutions. ■

Composting as a Solution

Rethink Food Waste through Economics and Data (ReFED) pointed to commercial composting as having the greatest potential impact in keeping food scraps out of landfills. Combine this with the fact that compostable foodservice packaging increases the amount of food scraps collected in the front-of-house at a foodservice operation (as was shown in SPC’s “The Value of Compostable Packaging” report), and we see the clear path forward to Zero Waste in our sector.

The beneficial impacts of compost cannot be overstated. Converting organic materials into nutrient-rich soil amendment will sequester carbon¹, increase crop yields, reduce erosion, improve water holding capacity, and minimize the use of synthetic fertilizers². Clearly this is preferable over sending packaging and food scraps to landfills.

¹Marin Carbon Project ²Compost and its Benefits, U.S. Composting Council

Zero Waste Operators

Anywhere food is sold – from a truck, cafeteria, a gourmet restaurant, or a booth inside a stadium – there is an opportunity to divert food scraps and foodservice packaging from landfills. We not only are striving to increase local infrastructure, we also are in the field providing sustainability consulting, training, and marketing support to the foodservice operators with whom we partner. We can only fulfill our mission if more customers adopt Zero Waste practices.

In 2017, we invested in taking this service to the next level. We began hiring operator specialists whose responsibilities include getting our operator customers' composting programs up and running. Their work entails:

- » Assessing the feasibility of composting food scraps and our packaging near customer operations.
- » Building relationships with haulers and composters and connecting our customers to them.
- » Researching legislation with which our customers must comply. Currently, Rhode Island, Connecticut, Vermont, California, New York, Massachusetts, and various municipalities and counties have laws related to food waste or organics recycling.
- » Providing training, signage, and other general support.
- » Helping operators control the materials sent to the composting facility to allay contamination fears.

Our goal for 2017 was to help nine foodservice operators implement new front-of-house waste diversion programs that include a composting component. We landed on nine because we have nine sales regions. We are happy to say that we helped 11 operators launch composting programs in seven of our nine regions. While we ideally would have had a success story in each region, limitations in composting infrastructure create significant challenges. It's hard to start a composting program when there is

not yet a composter willing to accept your materials! Nonetheless, we are proud of the progress that we made, and the dialog and action this generated throughout our sales organization. It also underscored the importance of our work to expand commercial composting access for packaging. For 2018, we are aiming for a very similar goal (nine operator conversions regardless of sales region) and are optimistic that the number of operators who successfully put front-of-house composting programs in place will only accelerate.

We also are continuing to build relationships with the many foodservice management companies and distributors that we work with so we can implement a Zero Waste program with one of our great partner organizations in the coming years.

During the year, we began work on a database that will help to answer a few questions about foodservice operators in large, key accounts that use our products. We began collecting data on:

1. Which of our customers are in an area that mandates composting or recycling legislatively.
2. Which customers have access to a commercial composter that accepts compostable foodservice packaging.

This information will help us more efficiently and effectively customize our support based on our customers' unique needs. We anticipate that the combination of our new operator specialists and this powerful database will lead to remarkable results in 2018. ■

For Eco-Products, selling sustainable foodservice products is not enough. We help our customers set up “front-of-house” diversion programs so their patrons can put as much food scraps and packaging into recycling and composting bins as possible.



Proud of These Impressive Diversion Programs!

Eco-Products enabled the following organizations to divert significant amounts of food scraps and packaging away from landfills in 2017, underscoring our belief that when waste diversion starts with procurement to minimize contamination and simplify participation, impressive diversion rates are achievable.



Seattle Mariners

Win the 2017 Green Glove Award

Major League Baseball recognized the team for its whopping 96% waste diversion rate!



National Aquarium

Turning Trash into Rich Soil

The National Aquarium in Baltimore has replaced all conventional disposable foodservice plastic products with reusable, compostable, or more sustainable options.

Products

GREENSTRIPE®

Products



Made with renewable resources

Certified compostable*

Materials



INGEO™
BIOPLASTIC



PLANT STARCH



PAPER



SUGARCANE



SUGARCANE &
BAMBOO BLEND



WHEAT STRAW

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 PSM 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.

*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
POLYSTYRENE (RPS)



POST-CONSUMER
RECYCLED FIBER
(PCF)

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 incorporate the highest amount of post-consumer recycled material available without compromising performance.

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

Eco-Products has built the largest portfolio of environmentally preferable foodservice products in the world. From the very start, we have designed our products with both upstream materials and downstream disposal in mind, so we can reduce environmental impacts throughout their lifecycle.

Our products fall into two distinct categories, which have positive environmental benefits:



RENEWABLE
RESOURCES

1. **Our GreenStripe line** is made from renewable resources that can be grown again and again, and the vast majority of these can be composted at commercial composting facilities.



POST-CONSUMER
RECYCLED CONTENT

2. **Our BlueStripe line** is made from post-consumer recycled content. Not only are we giving plastic and fiber a new life, we also are helping to boost struggling secondary plastics and fiber markets by purchasing these materials to use in our products.

Through these two product lines, we have an option for every foodservice operation that wants to do something good for the planet. More than simply making sustainable products, we go beyond to meet our customers' needs. If we don't offer the item that our customers desire, our in-house product engineers will create it for them. Our team is constantly expanding our bundle of products for new sectors and new needs. Got something in mind? We can make it happen!

Legacy Products

Over the past few years, we have been working to eliminate legacy products that don't meet our current standards. In 2017, we successfully weeded out virgin polypropylene (#5) soup cup lids from our inventory. That was our final product made from 100% virgin material in our



Buh-bye, PP Lid!

product bundle. We offered it because when we began to offer soup cups years ago, there was no heat-tolerant compostable plastic available. Now that compostable soup cup lids are a thing, we felt compelled to remove virgin plastic lids from our catalog, despite them being profitable and popular. The process to eliminate this lid from our line was long and arduous, but a cross-functional team including Sales, Product Development, Supply Chain, Marketing, Finance, and of course our Sustainability Maven, worked for years to put our money where our mouth is and make our bundle even more sustainable.

Other items we're thinking about: PSM Cutlery

While we sell compostable cutlery, we also have offered our less expensive PSM cutlery for years, which is made of a blend of biobased plastic and traditional polypropylene. Since it can't be composted, we originally set a goal to eliminate it from our inventory by 2020.

Unlike the virgin plastic soup cup lids which have no plausible beginning-of-life environmental story, PSM cutlery is made with 70% renewable material, which we feel is a better choice than traditional 100% virgin fossil fuel-derived cutlery. For customers where the price point of our compostable Plantware line is out of reach or who don't have access to commercial composting, PSM can be a good option. However, customers who are composting can



Product Criteria

Every new product we bring to market must be:

Made with 100% renewable resources

or

Made with post-consumer recycled content

or

Compostable

or

Recyclable

mistakenly use PSM and send it to composters, causing contamination issues. We did a few things this year to better communicate the lack of compostability of this item:

- » Changed the name from Plant Starch Cutlery to PSM to remove the word "plant" to reduce confusion about disposal options.
- » Put fliers in every case of PSM cutlery to let our customers know these are not compostable.
- » Updated our carton art to further highlight the lack of compostability.
- » Continued to emboss "non-compostable" on every utensil.

We hope that these changes have made it more likely that PSM cutlery goes to the right place – the landfill.

Because of the popularity and environmental benefits of PSM cutlery for non-composting operators, we are shifting the focus of our goals. Rather than work to phase out PSM by 2020, we will instead focus on the on-going task of ensuring that composting operators are not using non-compostable products – be it PSM or BlueStripe. By 2019, we aim to complete our Waste Diverters

Products

Database, which will identify national account customers that have implemented front-of-house composting programs. In 2020, we will build on that by developing and implementing a system by which we will continually monitor such accounts, identify which ones are using non-compostable products, and work with them to transition to compostable alternatives. Through this work, we seek to expand the abilities of operators across the country to compost their front-of-house organic streams and minimize the amount of contamination arriving at composting facilities.

If you would like to learn more about why we still believe that PSM cutlery is a better alternative than traditional plastic utensils, or for more history on this products, please see our previous Sustainability Reports.

Plastic Sleeves

Large polyethylene sleeves that hold cups, plates, and other products are difficult to recycle in your typical single stream bin because they get caught in machinery and really mess things up. However, there are many



locations across the U.S. that collect plastic films to be recycled. We have been discussing ways to augment the programs that are run by Wrap Recycling Action Program (WRAP), a public awareness campaign created by the U.S. Environmental Protection Agency and the American Chemistry Council, which promotes recycling of plastic film packaging. Although these discussions have slowed down due to the uncertainty surrounding the effects of the National Sword policy, we look

forward to continued conversations with WRAP and others in 2018 to see how to better connect our customers with these programs.

Other Material Issues

In many of our products, we use a compostable plastic called Ingeo™, which is a type of Polylactic Acid (PLA) that is made from a mix of conventional and genetically modified (GM) field corn grown in North America. Ingeo™ and our products themselves do not contain any GM material due to the manufacturing process and the part of the kernel that is used, but the fact of the matter is that some of the corn used to make our materials is genetically modified.

We have conveyed to our supplier of Ingeo™ PLA, NatureWorks, our strong preference for non-genetically modified sources. Also, we are evaluating some of the compounds that we use to make bagasse products grease- and water-resistant. Our current materials meet Food & Drug Administration requirements, but we are continually looking for the best available options to optimize our products. ■



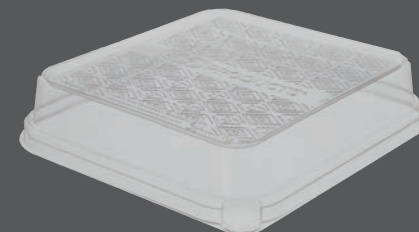
Technically there are no GMOs in our products because the part of the corn kernel used in our products is not genetically modified, and the high heat used in manufacturing removes all traces of genetically modified material that might happen to slip in. Nonetheless, we feel it is disingenuous to market our products as “GMO-free” when this is not true of the feedstock used to make our products.

Recognized for Innovation

In 2017, Eco-Products earned prestigious recognition from the QSR/FPI Foodservice Packaging Awards. Our Grip & Dip Snack Cup earned first place in the Innovation in manufacturing category. Our WorldView Three-Compartment Take-Out Container earned the second-place award for Innovation in Convenience



INNOVATION IN MANUFACTURING



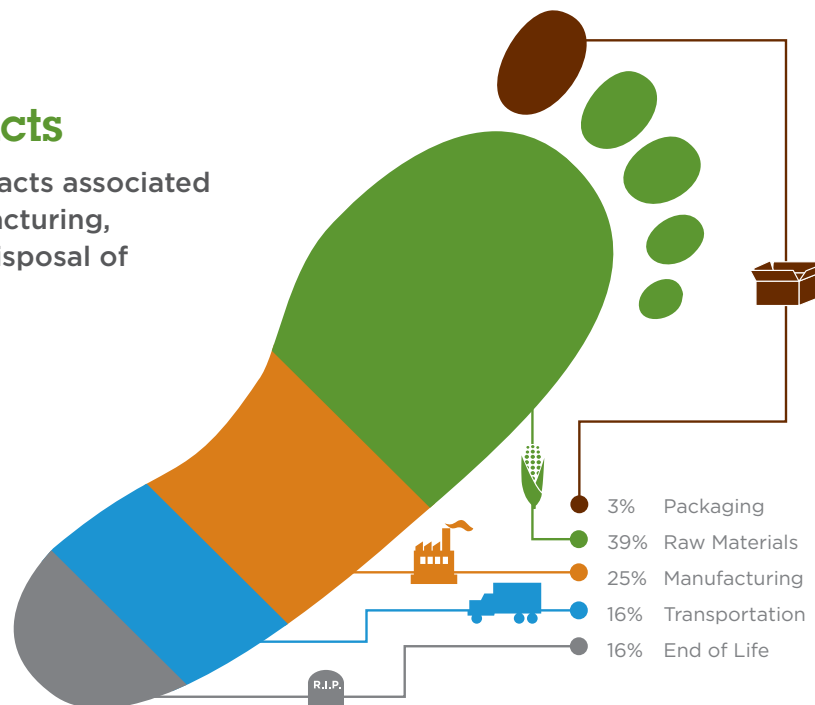
INNOVATION IN CONVENIENCE



If you have questions about how our products are made, please feel free to contact us. You can also find more information about our products at ecoproducts.com

Our Products

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



Supply Chain Management

To reduce costs and waste, streamline efficiencies, and increase our competitiveness, we have been taking steps to integrate responsible and ethical business practices into our supply chain.

As a subsidiary of Newell Brands, our suppliers and product manufacturers must abide by its Vendor Code of Conduct, which outlines expectations for human rights, labor requirements, health and safety, environmental compliance, and management practices. Violations of the code may result in corrective action, including termination of our business relationship.

We outsource manufacturing to factories in Asia and the U.S., which must comply with local labor and environmental regulations, as well as our requirements for anti-corruption, bribery, and conflicts of interest. At least annually, we evaluate suppliers by auditing their operations, quality of materials, labor practices and dormitories, and record of compliance. We are happy to report that our audits showed that our suppliers have maintained high scores across all categories.

In 2017, we introduced a performance scorecard that includes sustainability criteria, such as natural resource consumption, energy and material management, and measurement of greenhouse gas emissions. Our expectation is that our suppliers operate beyond local requirements and take additional steps to reduce their impacts. We were pleased to see one supplier switch from using coal to natural gas as its primary energy source and look forward to additional suppliers making the move away from coal in 2018. While we certainly urge our suppliers to pursue renewable energy options, we think the move from coal to natural gas is a step in the right direction.

In the coming year, we will support others pursuing clean energy alternatives, continue tracking progress, and address performance gaps using the new supplier scorecard as the catalyst for these improvements.

Diversifying our value chain

Incorporating diverse experiences, work styles, thoughts, and ideas into our business will only strengthen our company. Our participation in the B Corp's Inclusion Challenge, as well as inquiries from our industry partners, led us to examine how much business we were doing with minority and women-owned enterprises. We were pleasantly surprised to learn that about 8% of our annual spending with significant suppliers is with a woman-owned business. We began this assessment this year and plan to examine this annually. ■



Newell Brands Supply Chain Standards

Read more about our parent company's:

- » Business ethics requirements.
- » Supplier ethical standards and procedures.
- » Compliance with the California Transparency in Supply Chains Act of 2010.

<https://www.newellbrands.com/how-we-measure-our-suppliers>

People

We depend on pioneering and passionate employees to advance our mission. We work hard to attract, develop, and retain people who embrace our values and who are committed to shaping a sustainable society. To enhance employees' job satisfaction and professional contributions, we deploy various strategies. These primarily include:

Development

We continuously expand our team's skills and capabilities to help them grow. From employee-led "lunch and learns" to attending conferences, employees receive ongoing professional development. In 2017, our employees hosted workshops on the benefits of biking and foodservice industry trends and came together to watch Chasing Coral, a documentary about the impacts of coral bleaching. For 2018, we renewed our goal of doing three employee lunch and learns. To reinforce our commitment to good corporate citizenship, we ask employees to incorporate at least one sustainability goal in their development plans. This helps them be mindful of their own impacts and raise the bar on our performance. In 2017, 95% of our employees set a sustainability goal as part of their annual performance plan.

Inclusion

Eco-Products is located in a community that is not very ethnically diverse, so we participated in B Corp's Inclusive Economy Challenge to learn more and challenge ourselves to make our company more inclusive. To expand the diversity of our pool of candidates for open positions, we publicize job openings with diverse industry associations. In 2018, we plan to institutionalize this process to ensure that we are

increasing our network and encouraging diversity within our workforce.

We also began engaging people locally who live in underrepresented communities about Zero Waste practices. We coordinated and hosted a bilingual Zero Waste Fest on American Recycles Day to build awareness of the benefits of waste diversion in our neighbor community of Longmont. We felt that Longmont was a good candidate for this event because of its diverse population and the recent implementation of a residential curbside organics collection program.

We had eight organizations attend that focus on Zero Waste or food waste issues to share their great work with the community. This included local businesses, nonprofits, and city government departments. We plan to host our next event in a diverse and underserved neighborhood in the Denver metro area in 2018.

Outreach

We believe sustainable companies build sustainable communities, which is why we give our time and donate products to organizations working to address social and environmental issues. We donated products to more than 100 non-profits and civic institutions in 2017. We are proud to be able to support so many organizations that are setting the example for bettering their community. Additionally, we offer employees one day (eight hours) of paid time off to support a cause of their choice each year. To encourage employees to use this benefit, we set a goal to have 55% of our staff take a day off to volunteer in 2017 – which we exceeded! In fact, 60% of our employees used some of their paid volunteer time. ■



The B Corp. Inclusive Economy Challenge is designed to:

- » Increase equitability.
- » Enable people of all backgrounds and experiences to live with dignity.
- » Help employees support themselves and their families.
- » Enable communities to thrive.







The character of our people and the culture of our workplace is what makes our brand the force for change that it is.

Operations

Making our own operations sustainable is part of our social responsibility and demonstrates our commitment toward Zero Waste. It also reinforces our culture, enhances our reputation, and reduces costs. For a bit of context, we lease 17,600 square feet of office space, have about 15 employees who work out of their homes, and outsource the manufacturing of our products. While we are limited in how much we can improve efficiency and reduce waste, we continued to make strides in 2017 doing what we could. Here's a look at the progress we made:

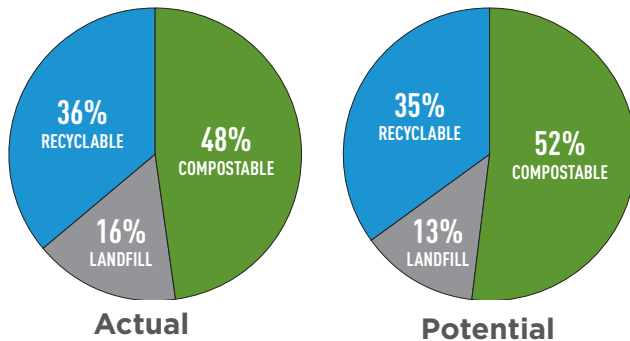
Diverting Materials

We strive to make our headquarters a model for what a Zero Waste operation should look like. We provide landfill, compost, and recycling bins and train staff on how to sort items correctly. Our goal for 2017 was to divert 90% of our waste at our headquarters, which we nearly achieved. We conducted four waste audits throughout the year that found we diverted 84% of materials, which was 4% more than 2016.

2016 Waste audit Results

84% Diversion
(up 4% over last year)

We will continue to educate employees and promote the importance of diversion - just like we do with our customers - until we reach our 90% diversion goal.

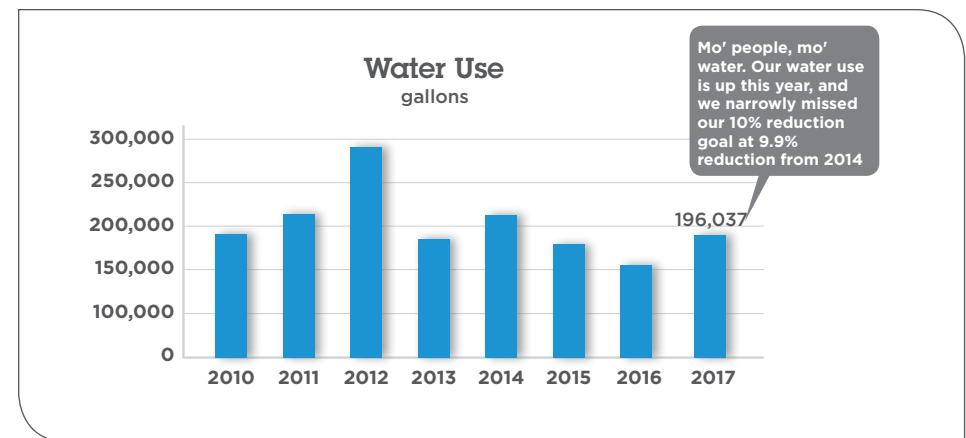


We really do dig through the trash! Officially, we sort and measure four times a year. Unofficially, if we see something in the wrong bin, we are not afraid to fish it out and put it in the right place.

Saving Water

Our water usage stems from drinking, minimal landscaping, and from using our bathrooms and kitchenette. In 2017, we consumed 196,037 gallons, which was just short of our 10% reduction goal we set in 2014 to achieve by this year. For 2017, we had a 9.9% reduction, so close! As you can see in the graph below, our water consumption varies year to year, and on average since 2014, we were able to exceed that 10% mark. In fact, 2017 was the only year since 2014 that we did not exceed this goal.

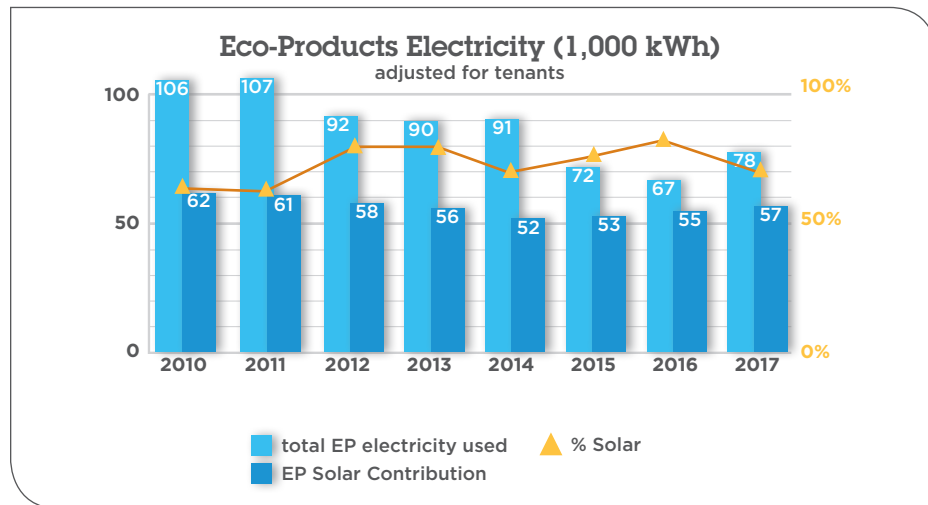
To offset consumption, we purchase gallon-for-gallon water restoration certificates, which support the Bonneville Environmental Foundation's (BEF) water restoration projects. Each certificate represents 1,000 gallons of water that directly contributes to restoring the economic, recreational, and ecological vitality of national freshwater resources. Some of the great projects around Colorado that BEF supports are restoration of the Yampa, Fraser, Roaring Fork, Conejos, and Cimarron Rivers.



Reducing Energy Consumption

Our goal is to achieve net zero electricity usage at our headquarters to reduce both the costs and environmental impacts of powering our office. In 2017, our energy consumption at our office building increased, however we generated 57,078 kilowatt hours (kWh) of solar energy, which was 2.5% more than 2016. The overall increase in electricity used is not very surprising, considering we brought on new staff in 2017, and quite frankly, we haven't done very much education on ways to conserve energy at the office recently. We plan to educate both old and new employees on this topic in 2018, to keep us on the path to Net Zero.

Throughout 2017, we have been renegotiating our lease, which is up in 2018. Once we have completed that process, we will hopefully be able to move forward on exciting energy projects, including increased solar on our roof and even more energy-efficient lighting in our building.



Carbon Offsets

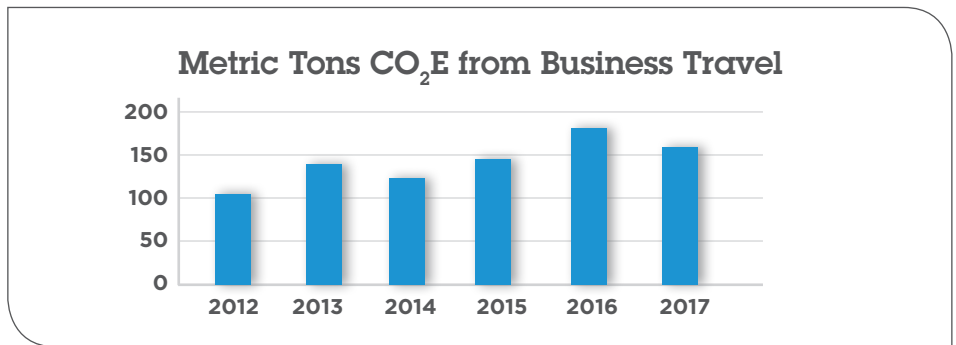
For 2017, we purchased 339 metric tons of carbon offset credits from Renewable Choice Energy to balance out greenhouse gas emissions created by our electricity and natural gas consumption, business travel, and commuting. Since 2014, we have purchased 1,784 metric tons of offsets to support various landfill methane capture projects around the United States. This is equivalent to taking nearly 382 passenger vehicles off the roads or powering 193 homes for a year!



Avoiding Travel

Air and auto travel are essential to doing business, but they are the biggest contributor to our carbon footprint. To reduce carbon emissions, we asked our sales team to conduct at least one business meeting virtually to help us meet our goal of reducing total miles flown by 5% for every \$1,000 of sales closed. In 2017, we achieved this goal! In fact, we reduced our total miles flown per \$1,000 of sales by an amazing 19%. Our stellar sales growth and our sales team's clear commitment to reducing their footprint helped us achieve this reduction.

In 2017, we aimed to maintain reimbursed car mileage at 2016 levels, which we did not meet. Our total reimbursed mileage increased by 10%. This is not surprising, given our growth in headcount, sales, and commitment (as seen in our air travel numbers) to opting for driving over flying when possible. Looking back, we realize we probably did not structure our 2017 goal in the best way possible. As our business grows and we add more employees, our car mileage will increase. Additionally, avoiding air travel means increasing miles driven. Since car travel is typically less polluting per mile than flying, we do not want to discourage this. Going forward, our goal for managing the impacts of vehicle travel will mirror our goal for managing the impacts of air travel: by normalizing per \$1,000 in sales.



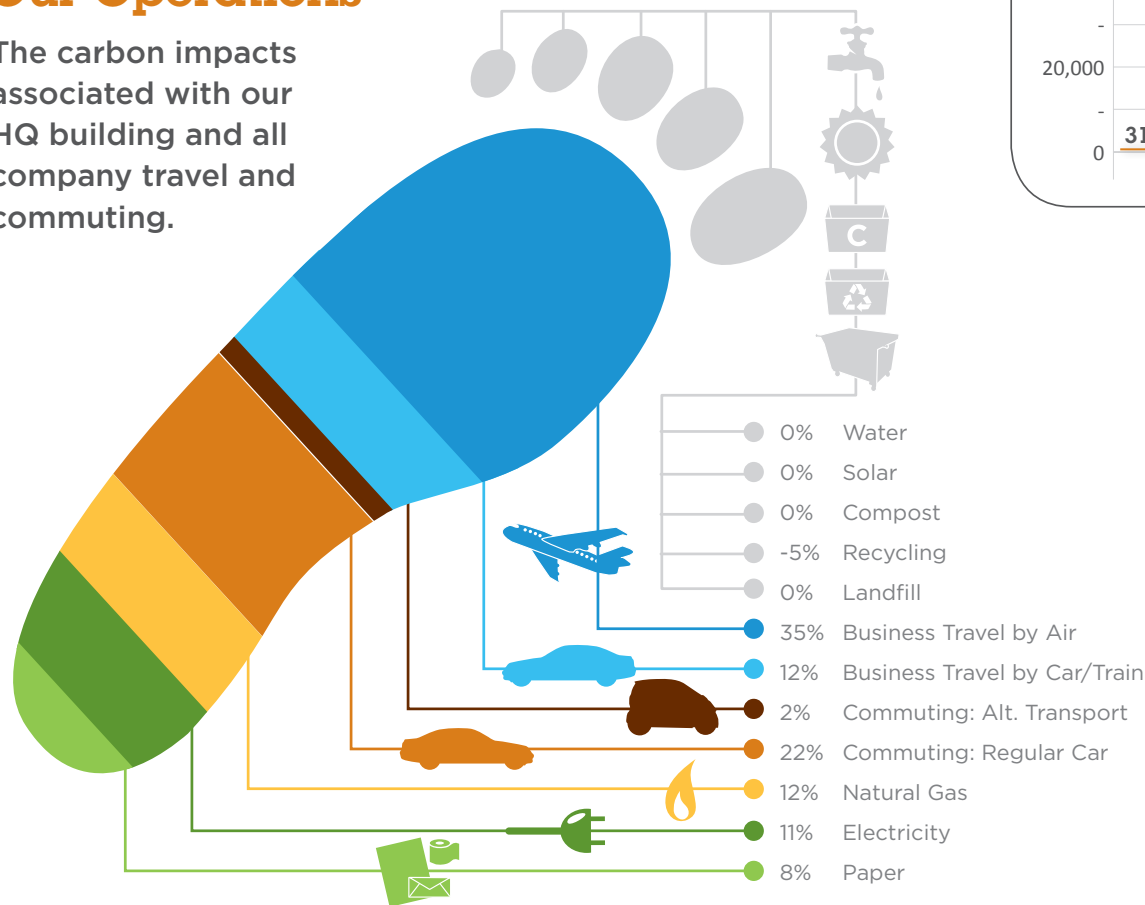
Air Travel

↓ **19%** per \$1,000 in sales

Our goal was 5%, and we're going to push for that again in 2018.

Our Operations

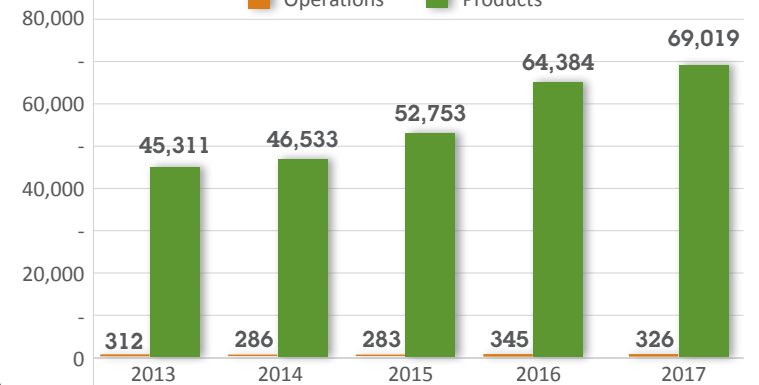
The carbon impacts associated with our HQ building and all company travel and commuting.



Eco-Products Carbon Emissions


Metric Tons CO₂E

Operations Products






This graph in our 2016 report incorrectly stated our 2016 product emissions. The number shown here is correct.

Case Studies



- The world renowned National Aquarium in Baltimore, Maryland, home to over 17,000 animals.
- The National Aquarium decided to start composting across the facility in 2017 and move away from traditional plastic items. Eco-Products was able to provide guidance on their Zero Waste bin setup and assist in their marketing campaign.
- The Aquarium worked with local composter Harvest Mid-Atlantic to manage waste and deal with any contamination concerns.
- Eco-Products provides a full compostable bundle including plates, cold cups, cutlery, lids, containers, and trays.

TYPE Cafeteria
REGION Baltimore, MD 
PRODUCTS GreenStripe® 
COMPOSTING Yes 
CUSTOM Signage/Marketing



- Cutting edge children's research hospital located in Memphis, Tennessee, committed to the research and treatment of rare diseases.
- Eco-Products has worked with their Sustainability Manager to answer any questions and act on any requests.
- They are currently waste diverting in the front-of-house. Eco-Products provided a full compostable bundle to ensure that contamination was minimal.
- St Jude's works with local composter and urban gardeners Smart Mule Urban Farms.
- Eco-Products provides hot cups & cold cups plus lids, food trays, and sugarcane take-out containers.

TYPE Hospital Cafeteria and Meal service
REGION Memphis, TN 
PRODUCTS GreenStripe® 
COMPOSTING Yes 
CUSTOM No

In a Nutshell

2017 was a year of great progress on the path towards our Zero Waste future.

We helped create front-of-house waste diversion success stories from coast to coast, expanding our growing list of case studies in which venues and operators are using our products to dramatically decrease the waste that they send to landfills. Achieving a working Zero Waste system in a foodservice operation is no longer simply for those in Seattle, San Francisco, or Vermont. We are seeing traction in Minnesota, Ohio, Tennessee, and Colorado, just to name a few. Most impressively, we consistently see that once a conversation has begun around organics diversion from landfills, a broader discussion ensues around a range of sustainability initiatives such as climate change and food insecurity, and we are proud to be on the forefront of that exchange of ideas.

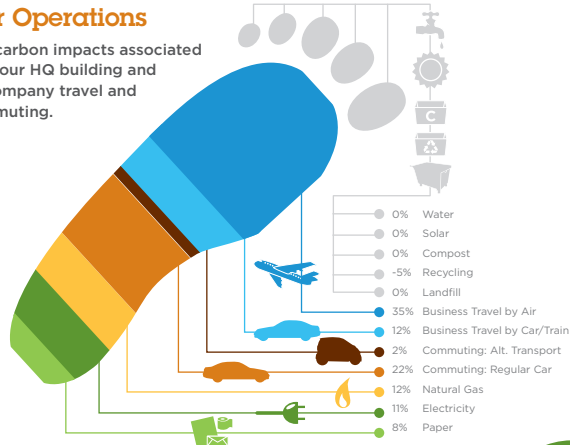
Why do we have a Sustainability Report?

At Eco-Products, sustainability is not a marketing gimmick or a stand-alone initiative. It's at the heart of who we are. Our strategic objective is to advance our position as a leader in sustainability and Zero Waste, through a reimagined approach to foodservice packaging.

We publish this report because we don't feel right about calling ourselves "a green company that happens to operate in disposables" unless we publicize our social, environmental, and operational performance.

Our Operations

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



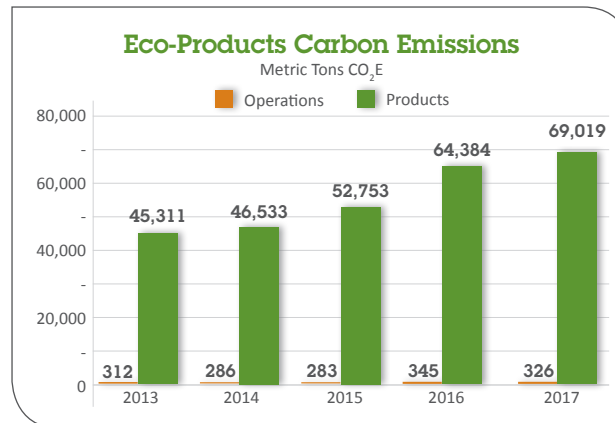
As you can see in the graph below, our operations contribute very little to our overall carbon footprint. We made the footprint graphs to the left equal in size so you can clearly read the data, but really our products are responsible for most of our carbon emissions by far. If the feet were to scale, it would look more these:

See this little orange speck? That's our Operations footprint.



Our Products

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



This graph in our 2016 report incorrectly stated our 2016 product emissions. The number shown here is correct.

2017 Highlights

Worked with industry leaders to continue expansion of composting facilities accepting food scraps and compostable packaging

Added two Operator Specialist positions in the North East and South West, with a focus on large foodservice operators and waste diversion

Discontinued our virgin polypropylene lid

19%
Decrease in miles flown per \$1,000 of sales

84%
Waste diversion at our HQ (up from 80% in 2016)

95%
Employees who included a sustainability goal in their performance review (up from 90% in 2016)

60%
Employees who took advantage of their paid day to volunteer (up from 55% in 2016)

We'd love to hear your feedback!

**Email us with your comments or questions.
sustainabilitymaven@ecoproducts.com**

Of all the paths you take in life, make sure a few of them are dirt. - John Muir



www.ecoproducts.com

