



Letter from
the Chairman
and CEO



Economic



Social



Environmental

THE CASCADE ENGINEERING
2005 TRIPLE BOTTOM LINE

report

o Economic | o Social | o Environmental

WHAT'S INSIDE

- o **PURPOSE AND SCOPE**
Publishing a Triple Bottom Line Report reflects our company's strategy to become a sustainable enterprise with specific economic, social and environmental goals.
- o **LETTER FROM THE CHAIRMAN AND CEO, PAGE 2**
Sustainability has driven innovation in our business, strategy and design.
- o **ECONOMIC, PAGE 3**
We recognize the interconnected relationship among people, the environment and our financial performance.
- o **SOCIAL, PAGE 4**
"Doing something good and then making it good business." — Fred Keller
- o **ENVIRONMENTAL, PAGE 10**
Cascade Engineering is committed to protecting the environment by continuously reducing waste emissions into the air, land and water.
- o **SCORECARD, PAGE 15**
Scoring our progress is critical to our success.

PURPOSE AND SCOPE OF REPORT

Publishing a Triple Bottom Line (TBL) Report reflects our company's strategy to become a sustainable enterprise with specific economic, social and environmental goals. The purpose of our report is to create: 1) a higher level of organizational accountability and transparency; 2) a balanced approach to continuous improvement; 3) a learning tool – for us and other medium-sized companies.

This is our third report, and our employees have been familiar with the concept and "language" of sustainability for about three years. It has become a part of our culture and common language. Each member of our organization is responsible for finding and eliminating waste, not only in our production systems, but in our use of energy resources. We hope to maximize our interaction with the community and with each other. A new focus this year for us is that the concept of pursuing a goal of sustainability actually drives innovation in the company.

Sustainability is already integrated into our brand; it is one of our brand assets. The TBL Report acts as a guide and reporting mechanism for all sustainability efforts throughout our organization, signifying Cascade as a leader in these efforts and strengthening our brand while providing a clear strategy for future innovations and growth.

As a result of stakeholder feedback on last year's report, we have made the following improvements in our organization and in the report:

- o **Business Conduct Policies.** These were implemented to provide Cascade with a comprehensive code of business ethics and conduct that promotes an ethical organization. Importantly, it provides a mechanism to prevent, detect and correct violations of legal and ethical conduct.
- o **Business Continuity Planning.** We conducted a gap analysis on current emergency policies and procedures. As a follow-up, we addressed gaps and linked contingency plans together under one system.
- o **Greenhouse Gas Emissions** (see pages 13-14, 16).
- o **Social Section on Employee Activities.** This highlights some of our non-legally-mandated benefits and activities that help our employees know they are valued (see page 4).
- o **Financial Section Title.** We changed the financial section title to "economic" to reflect the Global Reporting Initiative (GRI) standards.

(continued on page 9)



CASCADE
engineering

shaping ideas in plastics™

WHO IS CASCADE ENGINEERING?

OUR VISION

- Solutions for each of our customers: Excellence in our work

OUR MISSION

- Unmatched products and service
- Innovation in our solutions, processes and relationships
- Operational excellence
- Learning from one another
- Creating a sustainable company that serves as a benchmark in business and in the community

ABOUT CASCADE IN GRAND RAPIDS

- Privately owned
- Seven plants; nine facilities
- 607 employees

MARKETS

- Automotive
- Industrial
- Material compounding
- Material handling
- Medical device
- Solid waste



The Learning Community



LETTER FROM THE CHAIRMAN AND CEO



The goal of sustainability has become a major element in our strategic planning process at Cascade Engineering.

This goal brings us face to face with the effects our decisions have – on our business, our environment, our community and our people. It also helps to guide us toward the opportunities that will usher us into the next phase of our company. That phase is one in which true integration among our economic, environmental and social bottom lines – in essence, everything we have been building toward – reaps big win-win rewards. If we utilize the goal of sustainability as a driver for innovation, these opportunities will be well within our reach to seize.

Sustainability has driven innovation in our business strategy and design. No one market can guarantee success indefinitely, so Cascade has diversified; we currently serve automotive, industrial, solid waste, material compounding, material handling and medical device markets. With the turmoil in the American automotive market, Cascade has benefited from our multi-faceted portfolio and our diverse partner companies. And with the rise in “eco-markets” with goals and values similar to ours, sustainability will prove to be a competitive advantage.

Sustainability has also driven innovation in other aspects of our business through our related environmental goals. Part of this has materialized in our processes, where our goal of sustainability has led us to reduce waste and any negative environmental impact. Innovative Lean practices and waste reduction have allowed us to reduce cycle times, increase productivity and reduce costs. All of these elements are key to staying competitive, and are some of the most effective tools to leveling the global playing field.

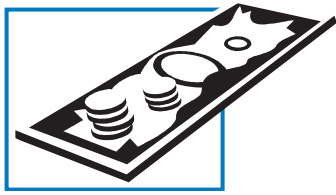
The environmental piece of our sustainability goal has also led us to innovate in the area of materials. With plastic resin (raw material) prices on the rise and no end in sight, the plastics business has become an expensive one. To decrease our costs and increase our positive environmental impact, Cascade is

looking to recycled materials more and more. We currently have products that use some reground/recycled plastic, but we are working to expand this amount greatly and to include other products.

Sustainability has also been a driver of innovation to improve our social bottom line. Cascade has several programs designed to break negative social cycles. Our Welfare-to-Career program works to break the cycle of poverty and has helped many people become self-sufficient. Our diversity awareness programs work to break cycles of prejudice that get passed on from generation to generation. Our PHASES program provides many resources to employees for child care, transportation, finances and much more. There are countless others, including an on-site café run by Goodwill Industries that helps those who have had employment challenges in the past to hold jobs and even start promising careers. Our programs help our employees and the community, but they also provide benefits to our company: decreased turnover, increased productivity, a diverse skill and knowledge base, more effective teams and trust and loyalty.

Sustainability is both our guide and our tool, our journey and our destination. It has brought us this far, and it will bring us much further. Sustainability doesn't guarantee financial performance or eliminate tough decisions; there are too many other factors, both internal and external. Sustainability is not synonymous with perfection, but it is a constant drive toward a perfect integration that has lasting benefits.

— Fred P. Keller



ECONOMIC

At Cascade Engineering we recognize the interconnected relationship among people,

the environment and our economic performance. We strive to achieve the proper balance among these relationships as we continue to evolve our sustainability efforts. We believe that our sustainability efforts will help us to continue our sales growth.

Cascade's economic sustainability is tied not only to our sales growth but also to finding alternatives to the rising costs of plastic resins and other materials that go into our products. Material costs as a percentage of sales have increased steadily the past few years. We have ambitious programs under way to use recycled materials and to utilize regrind materials. Noble Polymers, our resin compounding company, is also developing environmentally friendly materials and specialty resins that will decrease the amount of plastic in our products but maintain their superior quality.

Cascade Engineering contributes to the financial well-being of our community in numerous ways: by providing direct and indirect employment to employees and suppliers; economic returns to our capital providers and shareholders; and financial contributions and employee volunteer hours in our local schools and charities.

Employees

Each fiscal year we establish performance milestones that we continuously track to measure the success of our business. We share that success with our employees. On a quarterly basis, for certain metrics,

we reward our employees with bonuses if the targets are achieved. While we did not achieve all of the goals we established in 2005, we did make significant progress in many areas. In 2005, the bonus programs based on these measures paid out \$3.7 million to our employees.

Customers/Suppliers

We are providing solutions to customers in a variety of industries. With the millions of dollars in purchases from our suppliers, who are also in many diverse industries, we support the indirect employment of our supply base. This diversity helps us support our financial objectives when one industry may be in decline while others are growing.

Strategic Partners

We have also formed strategic relationships with many partners to assist us in entering new markets and having an international presence. We share in the risks and rewards of our enterprises and learn from each other. We have eight strategic partners from around the globe, including in North America, Japan, Israel and Europe.

Communities

In the public sector, the company was the largest taxpayer in Cascade Township, Michigan, and in the Village of Montpelier, Ohio, and the fourth largest taxpayer in the Forest Hills School District. In total, we paid over \$6 million in taxes to federal, state and local governments in 2005. In addition, Cascade is actively involved in many not-for-profit organizations, which we support through memberships, collaborative activities and financial contributions.

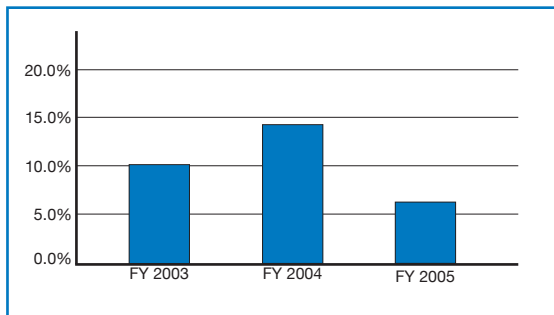


CHART A
Sales Growth

The Cascade Engineering Family of Companies includes various industries with different business cycles. Our target is that the Family of Companies as a whole has year-over-year growth of 10 percent.

CASCADE ENGINEERING TOP FIVE

Cascade Engineering has a direct economic impact on the communities in which we operate. Being active in our communities and keeping our business activities sound allow us to have an impact on our customers, suppliers, employees and community.

Cascade is involved in a variety of different industries. Do you know our five largest customers and suppliers?

CUSTOMERS

Waste Management, General Motors, Cami Automotive, International Truck and Trailer and Freightliner

SUPPLIERS

GE Polymerland, Lacks Industries, Ashland Chemical, Urban Services and Elite Painting

We employed 607 people at the end of our 2005 fiscal year. Do you know the top five locations?

EMPLOYEE LOCATIONS

Michigan, Ohio, Hungary, Florida and California

Cascade contributes to a variety of charitable organizations in both personnel hours and financial donations. Do you know the top five recipients?

CHARITABLE ORGANIZATIONS

United Way, Keep America Beautiful, Junior Achievement, Goodwill Industries and the Research and Technology Institute

MAJOR AWARDS

Cascade Engineering has been honored to receive awards over the years from many different organizations — from local business clubs to the Governor’s Mansion to the White House. The awards we received in 2005 include:

- SOCIETY OF PLASTICS ENGINEERS, ENVIRONMENTAL STEWARDSHIP AWARD FOR TRIPLE BOTTOM LINE REPORT ACTIVITIES
- HEART OF WEST MICHIGAN UNITED WAY, TOP CONTRIBUTOR AWARD
- DEPARTMENT OF ENVIRONMENTAL QUALITY, CLEAN CORPORATE CITIZEN DESIGNATION
- GRAND RAPIDS WOMEN’S RESOURCE CENTER, EMPLOYER RECOGNITION AWARD
- MICHIGAN OCCUPATIONAL SAFETY AND HEALTH ADMINISTRATION, ERGONOMIC SUCCESS AWARD
- CONSUMER’S ENERGY, ENERGY PARTNER AWARD



SOCIAL

“Doing something good and then making it good business.” — Fred P. Keller

Social capital is created when the company and the community engage each other to find mutually beneficial solutions to common problems. On a regional and national level, Cascade Engineering has been recognized for its efforts supporting economic, social and environmental improvements that benefit employees and the community. The company carefully evaluates the societal benefit of its community programs based on the London Benchmarking Group Model (see below). This model has helped us organize our social programs around employee activities, charitable giving, community investments and commercial initiatives. Cascade Engineering believes that a strong community, with employees who feel fulfilled and secure, is mutually beneficial. We believe we can accomplish this worthy goal by meeting employees’ needs and offering them opportunities to help others in need, as well as encouraging the growth and vitality of the local community. Through this win-win process, we strengthen the fabric of Cascade’s culture and our ability to adapt to challenging market conditions.

1. Employee Activities

Employee Survey

Cascade Engineering conducted a triennial employee survey of all employees in 2005 through an independent, third-party consultant. Results were analyzed in the areas of: reward and feedback, programs

and initiatives, policies and practices, employment relations, company direction, job security and cultural values. The scores in these areas were positive overall for the company and the results were shared with all employees. As a follow-up to the survey, focus groups were conducted to learn more about the issues raised. Committees were formed in each solutions group to create action plans to address employee concerns. The survey and related activities help Cascade to meet employee needs and to check for gaps between philosophy and practices. Closing these gaps builds trust, aids retention and allows us to continuously improve in the areas covered by the survey.

Assisted Career Planning (ACP) ProgramSM

The ACP program offers assistance to employees looking for personal development in their careers. The process is employee-driven with assistance from committee members of the Diversity Coordinating Council at Cascade Engineering. Employees can receive help in the areas of mentoring for a current position, job shadowing and career counseling. A career interest assessment is also available at no cost to help employees understand their interests to best choose a career. Cascade uses the Strong Interest Inventory[®] assessment, one of the most widely used measures of vocational interests in the United States. Fifteen employees took advantage of the ACP program last year. Not all employees have future interests that can be met with a career at Cascade, but the program supports the development of people to help prepare them for the future. By helping employees to develop in their areas of interest, Cascade’s employees achieve a higher level of education and training and are engaged by doing what they enjoy. And for those employees whose future career does not fall within Cascade, we are providing the community and local businesses with the same benefits.



London Benchmarking Group Model

SOCIAL

continued ...

Working On Wellness (WOW)SM

Cascade Engineering is committed to providing the information and resources necessary to help employees improve their health and well-being. The Working On Wellness (WOW) Team was assembled to provide opportunities for employees and their families to learn about wellness and take the necessary steps toward a healthier lifestyle. Since its inception, WOW has implemented education and exercise programs, a monthly wellness newsletter, on-site Weight Watchers®, an on-site fitness center, annual on-site health screens, annual on-site flu shots, healthy-cooking demonstrations and much more. Most health and wellness programs and activities are also open to employees' spouses.

In 2005, the WOW Team organized its first health fair. The team brought 11 vendors on site to share information on diabetes, tobacco cessation, heart health, nutrition, back safety and pregnancy. Vendors also provided screenings including blood pressure, bone density, blood typing and body age versus chronological age.

Promoting wellness not only helps decrease sick days and health care costs, but also can help to increase productivity and morale. And by extending programs to family members and helping employees to share healthy habits with their families, we are helping to increase awareness and decrease levels of obesity, disease and other wellness-related concerns in our communities.

2. Charitable Giving

As a company, Cascade Engineering donated \$258,000 in fiscal year 2005 (this number excludes separate contributions made by the Keller Foundation and the Keller family). This is a diverse fund that contributes to fundraisers and the operational activities of charitable and non-profit organizations. Areas of giving include the arts, business development, community relations, education, human/social services and health.

Charitable Contributions Committee

The purpose of this committee is to "improve the vitality and quality of life in communities in which Cascade Engineering employees reside through educational, human service and health activities, with emphasis on activities with a preventative purpose." The focus is largely on children and youths, but the committee supports several other programs that positively impact the community.

This committee consists of Cascade employees and has an annual contribution budget of \$25,000. In fiscal year 2005, this committee donated its entire budget to 28 different organizations.

United Way

Cascade employees participate generously in the annual Heart of West Michigan United Way campaign. The 2005 campaign involved several fundraising events, including a silent auction done through ACE (our company intranet), soda-can collections and a golf outing paid for by employees and suppliers. In 2005, these fundraisers added more than \$11,000 to our annual campaign, for a total donation to United Way of over \$148,000.

THE PRESIDENT'S AWARD FOR SOCIAL CAPITAL

This award recognizes the development of social capital within Cascade Engineering. Social capital is created when the company and the community engage each other to find mutually beneficial solutions to common problems.

The award is presented to an employee who exemplifies this process of win-win problem solving.

- 2005: **MILINDA YSASI**
COMMUNITY INVOLVEMENT
- 2004: **LAUREN CLARK**
HOSTS (HELPING ONE STUDENT TO SUCCEED)
READING PROGRAM
- 2003: **DAVID BARRETT**
COMMUNITY LEADERSHIP
AND EDUCATION
- 2002: **JODI PORRAZ**
CONGRESS ELEMENTARY
SCHOOL PARTNERSHIP



WOW Team members share information on WOW-sponsored exercise programs



Employees talk to exhibitors at the health fair



Employee Anna Matz won a bike at the health fair for her participation

● Economic | ● Social | ● Environmental

"Sustainability is much more than just a value that we share within the Cascade Family of Companies – it's an innovative business strategy we employ to create lasting value for our people, our community and our planet."

*– Michael Ford
Business Unit Manager*

WORK AND LIFE PROGRAMS AT CASCADE

The PHASES Work and Life Program contains over 80 benefits and services that help employees maintain the balance between work and life that is crucial to personal and professional success.

Examples include:

EMPLOYER ASSISTED HOUSING

A program to provide services and guidance that create home ownership opportunities for employees.

FLEXIBLE WORK SCHEDULE

To provide employees with an opportunity to request flexibility in their work schedules so they may maintain a balance of work and family responsibilities.

HOME SAFETY AWARENESS

A program to enhance the safety and wellness of employees and their families in their own homes.

ATTENDANCE BONUS LETTERS

A reward system that gives hourly non-exempt employees the opportunity to earn an extra half-day off or half-day's pay for having perfect attendance.

SOCIAL

continued ...

to the company by United Way agencies received Thanksgiving baskets or Christmas presents donated and delivered by employees.

During the 2005 United Way Day of Caring, 19 employees worked with Habitat for Humanity® to frame a house for a local family. Employees also show their community support through the Christmas Adopt-a-Family program and Thanksgiving baskets. In 2005, 15 families referred

Dequella (Dee Dee) Carson joined Cascade Engineering in January 2000 as a production operator. Dee Dee has been a role model for advancement attained through self-improvement, hard work and education. She worked her way through the company's Pay For Contribution education and advancement program to a Level C. She was one of the first graduates of the human resources and effective leadership certificate programs offered on-site through Cascade and Davenport University; currently, she is striving to achieve her sustainability certificate. Through these classes, she has learned that sustainability "starts with me," and has worked with the Facilities group to set up recycling containers for the new facility where she works. Dee Dee is also a participant in Cascade's Vital Leadership program, where leaders receive practical training to increase their skills. Today, she is in the role of team leader within Cascade Life Solutions (started in fiscal year 2006), a medical division of Cascade. She believes that the training Cascade has provided to her has given her the essential tools she needs to be an effective leader.



Dequella Carson

Dee Dee also models Stephen Covey's *The 7 Habits of Highly Effective People*®, one of the foundations of Cascade's culture. The habit that resonates with her the most is, "Seek first to understand, then to be understood." Dee Dee emphasizes that when you work with people, you need to understand that they are not perfect 100% of the time. This understanding can make the difference between a good and a bad leader. As a leader, Dee Dee believes in her team and hopes to nurture them and help them grow. She shares her story and advice as a motivational speaker to local teen moms. Dee Dee is a proud mother herself and hopes she has set a good example for her children of how hard work can result in a bright future.

3. Community Investments

Welfare-to-Career ProgramSM

The mission of the Cascade Engineering Welfare-to-Career program is to support unemployed and underemployed individuals as they move from dependence to economic self-sufficiency. Through the program, Cascade Engineering offers opportunities to both employees and the community by providing education, coaching and mentoring, resource guidance and transportation for employees. Other documented benefits to participants and society at large included reduced cash assistance payments and increased tax receipts. In addition, participants in 2005 received \$25,872 in assistance for emergency car purchases and repairs, utility services and housing. The program benefits employees financially and personally by making career awareness, advancement and self-sufficiency a reality, with unique support that includes an on-site caseworker from the Michigan Department of Human Services. Cascade Engineering is the only company in the state to have an on-site caseworker.

In 2005, 103 welfare recipients participated in the program, including 24 who achieved self-sufficiency, meaning they were no longer receiving any cash assistance from the state. During the life of the program, the participant retention rate has consistently improved. In 1999, the monthly retention rate for employees in the program averaged 83 percent; in 2005, the monthly retention rate averaged 96 percent.

SOCIAL

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During its inception, the Welfare-to-Career program led Cascade to look at systems already in place to see if they met the needs of this diverse workforce. As a result, the work ramping orientation program was enhanced and benefits all employees, not just those in the Welfare-to-Career program. This orientation program involves on-the-job and classroom time. Each day, the employee spends more time on the job and less in the classroom to help them adjust to the demands of a new job. Orientation topics include not only information on how to work safely and ensure quality, but now include guidance on what it takes to be a successful Cascade employee and also offer resources for assistance up front before problems arise.

The benefits of the program to participants, the company and the government have been the subject of case studies written by Thomas E. Cavanaugh, a senior research associate at The Conference Board, and by Professor James R. Bradley for the *Stanford Social Innovation Review*. For more information on these case studies, please visit www.conference-board.org and www.ssireview.com.

School-to-Career Progressions

Cascade Engineering participates in the School-to-Career Progressions program in partnership with the Grand Rapids Public Schools district and 30 other area partners. Over 50% of Progressions' programming is through community organizations, businesses, leaders and post-secondary educational institutions.

The program was modeled after the Cascade Engineering Welfare-to-Career program and Fred Keller is the chairperson of the board of directors. Through classroom learning, career assessments, a facilitated Success Center, workshops, mentoring and three-year educational/career plans, the program is designed to help at-risk students develop the life skills necessary to overcome the barriers of poverty. Over the past five years, 94% of Progressions' 12th-grade students enrolled in post-secondary education or obtained full-time employment.

For more information on the School-to-Career Progressions program, please visit www.s2cprogressions.org.

Partner School and Job Shadowing

Cascade employees have supported activities at Campau Park and Congress Elementary schools in Grand Rapids. The primary participation is through the Families And Community Together for Students (FACTS) program. In 2005, eight employees tutored at-risk students on a weekly basis in reading, 56 served as pen pals and 12 taught Junior Achievement classes. Cascade Engineering volunteers also collected hats, mittens, coats, warm clothing, games and books for the school to give to needy students. In addition, Cascade donated money for the school to purchase raffle prizes to encourage parents to participate in parent/teacher conferences. Cascade volunteers also participated in the "Friend Raiser" walk, where they went door to door in the school's neighborhoods to remind parents of the school start date and to welcome new families to the school.

Cascade Engineering also sponsored Groundhog Job Shadow Day in 2005. Twenty-two students from Northview High

"Progressions is based on the belief that rather than pushing students to receive their diploma, students can pull themselves through the educational process by combining their learning experiences and their passion for a career." — Fred Keller

School had the opportunity to learn more about the working world when they shadowed Cascade employees for a work day.

On-Site Café and Goodwill Industries

Cascade Engineering moved its headquarters into a new building in 2005. The facility contained a kitchen, which provided a new opportunity for Cascade to be able to offer on-site meals and catering. Cascade's Supply Chain Management group decided to outsource food service and chose Goodwill Industries as the vendor.

COMMUNITY INVOLVEMENT AT CASCADE ENGINEERING

Cascade employees participate in many community organizations and activities. In addition, they serve in leadership positions on the boards and governing councils of many organizations.

Examples include:

- THE CITY OF GRAND RAPIDS CIVIL RIGHTS RECOGNITION COMMISSION
- THE GRAND RAPIDS AREA CHAMBER OF COMMERCE
- THE WEST MICHIGAN SUSTAINABLE BUSINESS FORUM
- THE JUVENILE DIABETES ASSOCIATION OF WEST MICHIGAN
- THE DELTA STRATEGY
- THE WORLD AFFAIRS COUNCIL OF WESTERN MICHIGAN
- THE HISPANIC CENTER OF WEST MICHIGAN BOARD OF DIRECTORS

Economic | Social | Environmental

"The value of safety teams is in the safe working environment they help provide, the fewer accidents that result, the positive feelings that employees feel when they are safe and the bottom-line results that the company sees through it all!"

— Marie Bryant

Level C Administrative Operator



The Diversity Coordinating Council was formed to create a work environment in which every employee, regardless of cultural or individual differences, knows they are respected and valued as a human being. Employees across the company participate on committees that focus on diversity. Examples include:

TASTE OF CULTURAL HERITAGE LUNCHEON

A diversity-focused luncheon designed to give employees an opportunity to share and taste dishes from other cultures.

CALENDAR

An annual calendar created to highlight a variety of cultural and religious holidays as well as company-sponsored events.

WEB SITE

Pages on ACE (the company's intranet) and our external Web site that have information on how Cascade Engineering manages diversity. The ACE page also includes links to internal and external resources.

RECRUITING

A team created to increase minority recruiting efforts by posting positions in 14 different publications, with future plans to attend minority recruiting fairs.

SOCIAL

continued ...

Goodwill's mission is to assist people with disabilities or other barriers to realize their full employment potential by providing vocational training and work opportunities. Goodwill's hospitality program on-site at Cascade Engineering provides training for workers to prepare them for employment in the food industry. In addition, the workers are trained in recycling and composting and use green carryout products.

The café is a win-win for Cascade and Goodwill. The café offers a daily lunch menu for Cascade employees and on-site catering for various event styles and shift times. The Supply Chain Management group has sourced 85% of company catering to Goodwill. Goodwill has placed three café graduates in the workforce.

Goodwill's mission is to assist people with disabilities or other barriers to realize their full employment potential by providing vocational training and work opportunities ... The café is a win-win for Cascade and Goodwill.

4. Commercial Initiatives in the Community

The SOURCE (Southwest Organizations Unifying Resources for our Community and Employees)

The SOURCE is modeled after the Cascade Engineering Welfare-to-Career program, but focuses on individuals living in poverty, not just those receiving welfare. The purpose of The SOURCE is to network with corporate neighbors, community partners and governmental agencies in an effort to pool and leverage community resources. These resources are then used to assist under- and unemployed residents of the community to obtain the skills and support services they need to gain employment and move to economic self-sufficiency.

The SOURCE has one Department of Human Services caseworker at its location. She facilitates hiring and training for nine Grand Rapids companies. Cascade is represented on The SOURCE board of

directors and accepts referrals from these companies after a person has been employed there for one year with a good work history.

There are now two adaptations of The SOURCE approach in Kent County:

- o The OPEN program, in which the three hospitals in Grand Rapids and five long-term care facilities are collaborating to hire a retention specialist who works with referrals from all of their organizations. She serves about 150 entry-level individuals with support to eliminate barriers to continued employment and advancement opportunities.
- o The Reentry Employment Resource Center, a virtual center of networked businesses, human services providers and government agencies supporting the successful reentry of state and county ex-offenders. It is serving 420 participants this year, thanks to funding from the State of Michigan's Prisoner Reentry Initiative and from the U.S. Department of Labor.

There are also three more adaptations at various stages of growth in Kalamazoo, Ottawa County, Traverse City and adjacent counties. The Delta Strategy and its community partners will be supporting

several more adaptations within our seven-county region over the next three years.

The Reentry Roundtable of Kent County

The Reentry Roundtable of Kent County is a collaboration of over 30 human services, faith-based business and government organizations. This program is modeled after Cascade's Welfare-to-Career program and The SOURCE. Cascade Engineering played a key role in developing the program. The purpose is to promote successful job placement, retention and career movement for ex-offenders. The roundtable has a four-level employment certification process by which ex-offenders will be qualified for employment by completing required training, acquiring new life skills, complying with the terms of their release and demonstrating positive citizenship.

Because of the work of the collaboration, this program received a grant through Michigan Works' Area Community Services Employment and Training Council (ACSET) for \$495,000 from the U.S. Department of

SOCIAL

continued ...

Labor to be used in linking faith-based and community organizations to address the barriers of ex-offenders and provide employment opportunities. The Labor Department grant will be used to serve 300 ex-offenders in becoming employed, with the goals of at least 80% retaining employment for six months and reducing the rate of recidivism from 48% to 33% by December 2006. This grant is to service those who are currently out of prison and finding it very difficult to obtain employment or to stay employed.

The second part of the program is called Michigan Prisoner ReEntry Initiative (MPRI), and the Michigan state departments of Corrections, Community Health, Education, Human Services and Labor and Economic Growth have funded this part of the program

in the amount of \$594,000. This program is designed to begin working with the inmates while they are still incarcerated. There are three phases: Getting Ready, Going Home and Staying Home. This program will begin working with the inmates to develop a case management plan and create both reentry and parole-supervision plans.

Once the inmate is released, they will enter into the Reentry Roundtable process of training, support systems and job placement. One of the keys to the future success of the ex-offender program is changing how this group is viewed by employers and the community. The Supply Chain Management group at Cascade Engineering has sourced business to an organization that employs these individuals which helps create job opportunities.

For more information about this program, please visit www.michigan.gov/corrections and www.urban.org.

PURPOSE AND SCOPE

continued ...

This report encompasses activities and accomplishments in 2005 for the Grand Rapids, Michigan, campus of Cascade Engineering. The campus is home to nine of the 15 businesses that comprise the Cascade Engineering Family of Companies. These are housed in seven manufacturing plants and two other facilities, including an engineering establishment called the Center For Innovation and our corporate headquarters, called The Learning Community. The material in this report, depending on specific reporting requirements, is based upon fiscal year-end (August 2005) data unless otherwise specified. Economic data is presented for the Cascade Family of Companies, which includes Cascade Engineering, two strategic partners in Michigan, one strategic partner in Ohio and two wholly owned subsidiaries in Florida and Hungary. The financial data has been audited by BDO Seidman in Grand Rapids.

Fiscal year 2005 was a challenging year for our company, as it was for many other manufacturers in the United States. Global competition and increased plastic resin prices

are two examples of the enormous external influences with which we have had to contend. Despite these pressures and concerns, Cascade Engineering continues to integrate sustainability and the triple bottom line into our business strategies and practices as an important investment in our future. In its very nature, sustainability has the ability to pull us through negative trends and to help us stay competitive. In fact, we believe it is a win-win for us. Either our competitors will join in this race to become more sustainable or we will have a valuable advantage over our competitors in the years to come. In either case, we win as a company and as a region.

We have been pleased to work on this report with various stakeholders and we envision that the report will continue to improve each year as a result of your feedback. We hope that, in some way, our report encourages regional cooperation and collaboration on sustainability progress for our communities.



Cascade Engineering maintains a voluntary affirmative action plan. In 2005, our workforce was comprised of:

- 65.0% MALE
- 35.0% FEMALE
- 70.5% WHITE
- 20.2% BLACK
- 5.6% HISPANIC
- 3.6% ASIAN
- 0.1% AMERICAN INDIAN

For more information about Cascade's diversity program, please visit our Web site at www.cascadeng.com.



Cascade Engineering Diversity Coordinating Council logo

● Economic | ● Social | ● Environmental

"It's a reality check to see if we are on target, to the ultimate goal of a better world both socially and environmentally for our kids."

— Jerry Roper

Shipping/Receiving Supervisor, Traffic

DID YOU KNOW THAT CASCADE ENGINEERING ...

- PURCHASES 50,000 KWH OF GREEN ENERGY EACH MONTH, RESULTING IN A GREENHOUSE GAS OFF-SET OF 551 MTCO₂E?
- PURCHASED AND CONSUMED 649.2 GALLONS OF B5, A BLEND OF 5% BIODIESEL AND 95% REGULAR DIESEL, RESULTING IN A GREENHOUSE GAS SAVINGS OF .33 MTCO₂E?
- SENT 1,401 TONS OF MIXED PLASTIC TO BATA PLASTICS FOR RECYCLING?
- IMPLEMENTED A WASTE MANAGEMENT PLAN AT THE LEARNING COMMUNITY THAT RESULTED IN SENDING 395 POUNDS OF CORRUGATED CARDBOARD, 49 POUNDS OF PLASTIC AND 15,559 POUNDS OF OFFICE PAPER TO BE RECYCLED?
- HEATS TWO OF ITS BUILDINGS WITH ENERGY GENERATED BY INJECTION MOLDING MACHINES?



ENVIRONMENTAL

Cascade Engineering is committed to protecting the environment by continuously reducing waste emissions into the air, land and water.

Cascade Engineering is dedicated to achievement in the following three areas specified in our environmental statement:

1. To protect the environment by continuously working toward the reduction of waste emissions into the air, land and water, with the ultimate goal of eliminating all negative impact on natural and man-made resources.
2. To evaluate our environmental management programs and systems to ensure continuous improvement in the area of waste and accident identification, reduction and elimination.
3. To understand every phase of the life cycles of our products — from raw materials and production to use and recycling — thereby contributing to the sustainability of our company and our community.

Reduction: Eliminating Negative Impacts

Cascade Engineering is committed to creating the highest value for our customers as well as striving to be a sustainable organization and a benchmark for leadership in business and in the community. We believe in environmental value — that resources should be utilized responsibly, not only to ensure their continued use, but to eliminate

The company surpassed its waste-to-landfill goal for the third year in a row, with a 38% reduction to landfill for the Grand Rapids campus.

the creation of waste. The continuous elimination of waste allows Cascade Engineering to provide solutions that are more cost-effective, faster and better for our customers.

Michigan's Clean Corporate Citizen and Neighborhood Environmental Partner Designations

In 2005, Cascade's Automotive and Industrial Solutions Groups recertified for Clean Corporate Citizen (C3) status from the Michigan Department of Environmental

Quality (DEQ). This designation is given to companies that adopt an active pollution prevention program, exhibit consistent environmental compliance and use an effective Environmental Management System (EMS). The C3 designation grants the company accelerated review of permit requests by the DEQ, a potentially important competitive advantage.

The DEQ also presented Cascade with the Neighborhood Environmental Partner (NEP) Gold Award for activities conducted in 2005. The NEP Gold Award program was developed by the DEQ to recognize facilities and their community partners that have worked together to improve the local environment by implementing ongoing environmental projects to reduce negative environmental impact. Community environmental partnership activities include:

- Cascade's Neighborhood Recycling Center, utilized by residents, businesses and Cascade employees
- An Earth Day poster contest with an area elementary school sponsored by Cascade
- Participation in the Department of Transportation's Adopt-a-Highway program
- Cascade's leadership in sustainable business practices and its participation in the West Michigan Sustainable Business Forum

Partners also recognized by the DEQ include the City of Grand Rapids, Cascade Township, the Sustainable Research Group, the West Michigan Sustainable Business Forum, the West Michigan Environmental Action Council and BATA Plastics.

For more information on the C3 or NEP programs, visit www.michigan.gov/deq.

Waste Reduction Team and Other Successful Pollution Prevention Initiatives

In 2005, the Automotive and Industrial Solutions Groups continued to focus on the volume of scrap materials and waste transported to landfills. The company surpassed its waste-to-landfill goal for the third year in

ENVIRONMENTAL

continued ...

a row, with a 38% reduction to landfill for the Grand Rapids campus (see scorecard on page 15). Because Cascade's core business is plastic injection molding, much focus is placed on reduction and recycling of plastic waste, as well as reduction of all waste to the landfill.

Pollution Prevention (P2) initiatives at Cascade have resulted in a significant reduction in waste removal costs, as well as reduced costs through recycling and reusing manufacturing-related items. Cascade Engineering is a member of the Michigan Business Pollution Prevention Partnership (MBP3) and is required to report annually on P2 initiatives. MBP3 also serves as a networking resource for waste reduction and pollution prevention. In 2005, Cascade Engineering hosted the annual MBP3 workshop at The Learning Community, Cascade's corporate headquarters. The workshop presenters provided pollution prevention success stories and opportunities. A member of Cascade's Waste Reduction Team shared the work of the team. Other presenters included representatives from the Department of Environmental Quality's Environmental Science and Services Division (government agency), Fishbeck, Thompson, Carr and Huber (consulting firm), Siemens VDO Automotive (automotive supplier) and Light Corporation (lighting consultants, designers and manufacturers).

In 2005, General Motors Corporation invited Cascade to join the Suppliers Partnership for the Environment (SP). SP is an innovative partnership among automobile original equipment manufacturers (OEMs) and their suppliers and the U.S. Environmental Protection Agency. SP addresses the goals of the members by creating new and innovative business-centered approaches to environmental protection that improve the environment while providing value throughout the automobile supply chain. OEMs and vehicle suppliers work together, learn from one another and share environmental best practices.

Employee Involvement in Waste Reduction and Pollution Prevention

Cascade Engineering promotes employee involvement in P2 activities through Kaizen events and the IGNITE (Ideas Getting Noticed = Innovation Through Employees) employee suggestion program. The definition of Kaizen is continual improvement, or to change for the better. The basic philosophy is to involve all employees in small, daily improvements in their work areas. Employees submitted 16 IGNITE suggestions directly and indirectly

Pollution Prevention (P2) initiatives at Cascade have resulted in a significant reduction in waste removal costs, as well as reduced cost through recycling and reusing manufacturing-related items.

related to improvement in environmental, health and safety conditions. Examples of significant waste reduction and P2 through IGNITE suggestions include:

- o Elimination of glue cans to landfill
- o Reduction in forklift traffic
- o Elimination of fumes at a press
- o Elimination of parts thrown in the trash

Waste Reduction Team

The cross-functional Waste Reduction Team (WRT) continues to support EMS programs and priorities established by operations management. The overall performance of the EMS was evaluated by operations managers in each solutions group and specific goals were set for the fiscal year. The goal of environmental awareness was added to continue to promote employee education on environmental impacts — both negative and positive. A partnership with the Lean Department resulted in the creation of problem solving teams to continue to reduce waste to the landfill. Each building locked out its trash compactors. The contents of the compactors were collected, sorted and

DID YOU KNOW THAT CASCADE ENGINEERING ...

- o UTILIZES A PROCESS TO IDENTIFY, MANAGE AND TRACK ALL TYPES OF CONTINUOUS IMPROVEMENT PROJECTS, CALLED THE CONTINUOUS IMPROVEMENT HEIJUNKA BOARD (CIHB)?
- o IMPLEMENTED THE CIHB SYSTEM IN FEBRUARY 2005, AND SINCE THAT TIME, 153 IMPROVEMENT PROJECTS HAVE BEEN COMPLETED ACROSS THE GRAND RAPIDS CAMPUS?
- o OPENED ITS WOW-SPONSORED FITNESS FACILITY, THE ENERGY CENTER?
- o OPENED THE NEIGHBORHOOD RECYCLING CENTER TO IMPROVE RECYCLING EFFORTS IN THE COMMUNITY?
- o CELEBRATED ONE FULL YEAR WITHOUT A SAFETY INCIDENT IN THE AUTOMOTIVE SOLUTIONS GROUP SOUTH PLANT?

• Economic | • Social | • Environmental

"Sustainability is a balance. We are strategically reducing our dependence on raw materials by leveraging our engineering and processing experience. Through this innovation we will create a win-win for the environment, the customer and the company."

— Jo-Anne Perkins

General Manager, Industrial Solutions-Container

SUSTAINABLE PRODUCTS MANUFACTURED AT CASCADE ENGINEERING

Cascade Engineering tries to understand every phase of the life cycle of its products — from raw materials and production to use and recycling — so we can contribute to the sustainability of the larger community. Examples of such products include:

- THE CELLE™ CHAIR PRODUCED FOR HERMAN MILLER IS DESIGNED FOR THE ENVIRONMENT, IS 99% RECYCLABLE AND IS COMPRISED OF 33% RECYCLED MATERIALS.
- VESTAR FR™ IS A RESIN DEVELOPED BY NOBLE POLYMERS, A SUBSIDIARY OF CASCADE ENGINEERING. THIS FLAME-RETARDANT RESIN EXTRUDES MORE EFFICIENTLY AND IS MORE ENVIRONMENTALLY FRIENDLY THAN TRADITIONAL RESINS.
- AIR-DUCT COOLERS FOR DIESEL CHASSIS AND POWERTRAIN APPLICATIONS THAT IMPROVE PERFORMANCE THROUGH LIGHTER WEIGHT AND MORE EFFICIENT AIRFLOW.

ENVIRONMENTAL

continued ...

cataloged as data for the problem solving teams. BATA Plastics, Cascade's partner in material recycling, was in attendance and made recommendations for additional recycling opportunities. Plastic and vinyl scrap are being recycled, creating both a revenue stream and a reduction in demand for trash bins and hauling services. In 2005, a company-wide total of 2,801,390 pounds of plastic was diverted from the landfill to a plastic recycler and reintroduced to a manufacturing process, with 421,815 pounds being directly reintroduced at Cascade.

Continuous Improvement: Programs and Systems Safety

At the end of fiscal year 2005, incident and lost/restricted workday rates for Cascade were 5.7 and 2.6, respectively (see scorecard on page 15). The Cascade Engineering Safety, Security and Environmental System

"No job is so important, no order so urgent, that we cannot take the time to work safely and to protect the environment." — Fred Keller

(SSES) allowed Cascade to effectively deploy preventative initiatives throughout the company, making safe work practices part of standard operating procedures.

Through Cascade's health and safety commitment, chairman and CEO Fred Keller conveys the company philosophy on employee safety: "No job is so important, no order so urgent, that we cannot take the time to work safely and to protect the environment." All new employees attend safety orientation prior to starting work. All new technical or manufacturing leaders attend technical employee orientation prior to starting work. Contractors are required to complete training that provides information about the company's Environmental Health and Safety (EHS) policies, as well as local, state and federal regulations. Cascade integrates preventative safety and environmental measures into new product launches and product changes through the Advanced Product Launch and Change Control Systems. Job Hazard Analysis and Personal Protective Equipment (PPE) assessments are completed for all jobs

currently in operation at the plants, an additional step in aligning the company with the OHSAS 18001 standard on environmental, health and safety.

Plant safety teams consist of production and support employees who serve a three-to six-month term. Standard operating procedures are in place for safety teams and team members participate in a report-out during monthly shift meetings at the end of their tenure as committee members.

In 2005, Cascade maintained its partnership with the Michigan Occupational Safety and Health Administration (MIOSHA) Consultation, Education and Training (CET) Department, which included on-site reviews of the Automotive Solutions South and West Plants. No audits were conducted by the MIOSHA enforcement division.

Cascade Engineering contracts with Professional and Personal Wellness (PPW) to provide wellness services to all facilities located within the Grand Rapids campus. This is part of WOW (Working On Wellness), the company's employee wellness program (see page 5). Cascade promotes healthy lifestyles and wants everyone to be able to manage or improve their health and prevent illness and disability — while at work and at home. PPW directly impacts safety through individualized biomechanical and ergonomic assessments. All employees on all shifts participate in job coaching, healthy back exercise and fun activities like a basketball shoot-out designed to create excitement around the program. Cascade also offers annual health screens to employees through PPW. In 2005, the employee participation rate for health screens increased to 33% from 28% in 2004. With their ongoing presence in each location, the PPW staff continue to build relationships and trust and position themselves to truly make a positive impact in people's lives.

Promoting Sustainability through Learning

Cascade Engineering held its third annual Safety, Security and Environmental Services Conference, with 59 participants and presentations from our CEO, the Safety, Security and Environmental Services Department and safety teams, as well as presentations from the mayor of Grand Rapids, Grand Valley State University and the West Michigan Environmental Action Council Rain Garden program. The conference provided best-practices information and promoted cross-company learning.

ENVIRONMENTAL

continued ...

In November, the learning process started regarding understanding the company's carbon footprint. Cascade contracted with Sustainable Research Group to begin the process of educating employees on greenhouse gas (GHG) emissions. Dr. Clinton Boyd, senior scientist, and Bill Stough, owner and CEO, conducted a workshop titled "De-carbonizing: A Business Strategy for a Changing Climate." This four-hour session was attended by senior managers, middle managers, Facilities, SSES and EMS representatives and the Waste Reduction Team. Not only did this support the EMS goal of environmental awareness, it put the company on track to begin collecting data and setting goals in line with the EPA's Climate Leaders program.

Greenhouse Gas Emissions

One of the most widely researched aspects of sustainability is the phenomenon of climate change. We are only now beginning to realize that the large-scale consumption of fossil fuels by humans is having a major impact on the earth's climate system. Cascade acknowledges the potentially serious consequences of climate change and is committed to reducing its GHG emissions at our operations. This year, our TBL Report begins our journey toward developing a comprehensive GHG reduction strategy.

We are taking this step voluntarily because we have identified concerns not only about climate change, but also about growing constraints on the use and availability of all carbon-based fuels. Access to fuels has the potential to affect our ability to manufacture and deliver products to our customers, returns to our investors and economic stability to our host communities. Large impacts created by human-induced use of fossil fuels suggest we take a precautionary approach, and implement prudent and early actions to ensure that we remain competitive and profitable in an increasingly carbon-constrained world. We are therefore initiating a GHG project to help us understand how Cascade can reduce its ecological footprint and help

educate our investors, employees and customers about the need to stabilize the concentration of GHGs in the atmosphere at a level that prevents dangerous changes to the earth's climate.

Our first step was to identify and measure our major emission sources and any offsets to these emissions. This work is now completed and is reported in the Results section below.

Combined, these strategies produced an approximated GHG savings of 2,769 MTCO₂E ... the equivalent of taking 599 passenger vehicles off the road for a year or not combusting 315,376 gallons of gasoline.

As a responsible corporate citizen, Cascade Engineering took measures in 2005 to understand the company's direct impact on greenhouse gas emissions. Sustainable Research Group, a local consulting firm that is a leader in the environmentally sustainable approach to business, conducted an inventory of Cascade's carbon impact on the climate. The audit process was performed in accordance with the published guidance documents of the voluntary U.S. EPA's Climate Leaders program. Greenhouse gas emissions were consolidated by defining a consistent and uniform set of boundary conditions for manufacturing, administration and fleet transportation. Fiscal year 2005¹ was selected as the baseline year to measure and track GHG emissions and evaluate Cascade's impact on climate change, as a part of its overall ecological footprint.

1: All data collected was for fiscal year 2005, except transportation fuels, which was from calendar year 2005.

Results

Chart B (see page 14) demonstrates that of the three main GHGs inventoried, CO₂ emissions were clearly the most significant GHG associated with operations on the campus. CO₂ emissions made up 99.61% of the total emissions, whereas CH₄ and N₂O were marginal at 0.04% and 0.35%, respectively. This profile of CO₂ predominance is consistent with the fact that fossil fuel combustion is

E GREENHOUSE GASES

The U.S. EPA Climate Leaders GHG Inventory Protocol covers all of the six major greenhouse gases, which are:

- CARBON DIOXIDE (CO₂)
- METHANE (CH₄)
- NITROUS OXIDE (N₂O)
- HYDROFLUORCARBONS (HFCs)
- PERFLUOROCARBONS (PFCs)
- SULFUR HEXAFLUORIDE (SF₆)

The contribution of each GHG to the overall "carbon footprint" is standardized by converting it to a "carbon dioxide equivalent" (CO₂E). The latter is calculated by multiplying the quantity of each gas emitted per source by its global warming potential (GWP)². GHG emission totals are then expressed as metric tons of carbon dioxide equivalents (MTCO₂E).

2: The 100-year GWP values from the IPCC Third Assessment Report (TAR) were used for this audit.

● Economic | ● Social | ● Environmental

"Sustainability means different things to different people. The journey toward finding what sustainability means for Cascade Engineering has been an eye-opening experience, not just at work but also outside of work."

— Sharon Darby
Human Resources Manager

THREE GOALS; ONE PLANET

Cascade Engineering continued its Three Goals; One Planet program in 2005. This multi-year program is based on three environmental goals. The goals are designed to help Cascade reduce or control potential negative impacts to the environment, and to support positive community-based initiatives.

- 20 PERCENT REDUCTION TO THE LANDFILL
- 10 PERCENT REDUCTION OF SCRAP
- ADOPT-A-HIGHWAY PROGRAM



Cascade Engineering Adopt-a-Highway volunteers Amit Patwardhan and Suzanne Maddux

ENVIRONMENTAL

continued ...

typically the most significant source of GHG emissions for the carbon footprint of most companies. This reflects the ubiquitous and conventional use (both direct and indirect) of fossil fuel in present-day operational activities, including transportation fuels, on-site space heating and the need for electricity and other fuels to power machinery and equipment. In the case of Cascade Engineering, electricity usage (an indirect emission source) was by far the largest source of combined GHG emissions, making up 96.32% of total emissions. Together, direct emissions from natural gas combustion (stationary combustion sources) and transportation fuel usage (mobile combustion sources) made up the remainder, a marginal 3.68% of the total. pending on the business, mobile combustion sources can rival other fossil fuel sources as the primary source of GHG emissions. In the present situation, the maintenance of a small fleet size by out-sourcing transportation/hauling needs minimizes the contribution of mobile sources to Cascade's GHG profile. Inventory guidance has not yet been developed for plastics process-related emissions.

Future audits may reveal that Cascade's process-related activities are a significant source of GHG emissions, but at present electricity usage represents the largest opportunity for Cascade to reduce and offset its climate impact. As a practical place to begin, the audit clearly demonstrates that the contribution of each facility (reporting unit) to the overall corporate-wide carbon footprint is related primarily to electricity usage, followed secondarily by natural gas consumption. These are typically viewed as "low-hanging fruits," where energy conservation and operational efficiencies have the two-fold benefit of reducing costs and diminishing associated GHG emissions.

Carbon Offsetting Successes

In fiscal year 2005, Cascade Engineering continued to implement several GHG reduction strategies to reduce its carbon footprint and contribution to climate change. These included the purchase of green power and the implementation of recycling initiatives, as a part of the U.S. EPA's Waste Wise program. The GHG savings (or offsets) associated with each activity are graphically represented in Chart D.

(continued on page 16)

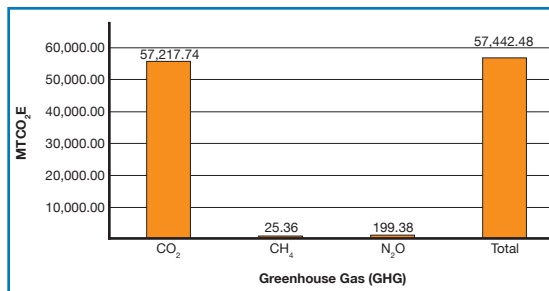


CHART B

Total Emissions by GHG

Totals for CO₂, CH₄ and N₂O were obtained by aggregating the source and facility data for each GHG. Data for HFC, PFC and SF₆ was excluded (see text for explanation). "Total" equals the sum of CO₂, CH₄ and N₂O data. All values are expressed as metric tons of carbon dioxide equivalent (MTCO₂E).

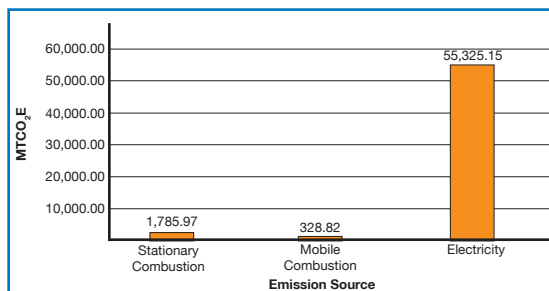


CHART C

Total GHG Emissions by Source

Direct emissions include the combustion of fossil fuel from stationary sources (natural gas) and mobile sources (transportation fuels). Process-related and fugitive emissions were excluded (see text for explanation). Indirect emissions were limited to electricity usage. Data represents the sum of aggregated facility CO₂, CH₄ and N₂O emissions for each source. All values are expressed as MTCO₂E.

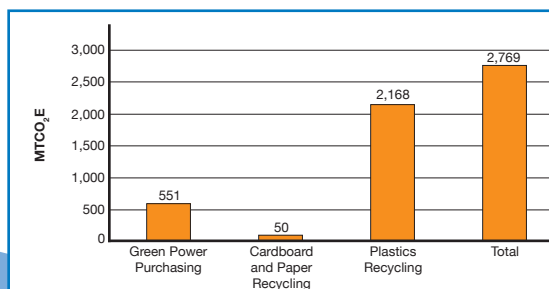


CHART D

GHG Offsets from Climate Impact Mitigation Strategies

GHG savings from green-power purchasing were calculated on the basis of the amount of conventional electricity that was displaced for the year. Offsets from the recycled tonnage for the year were calculated using the U.S. EPA's Waste Reduction Model (WARM), which is based on a Life Cycle Assessment approach. "Total" equals the sum of GHG offsets from green power and recycling. All values are expressed as MTCO₂E.

SCORECARD

	2002	2003	2004	2005
Economic				
Sales Growth	10.9%	10.1%	14.3%	6.2%
Total Assets (in millions)	\$103.3	\$116.0	\$127.4	\$136.5
Taxes Paid (in millions)	\$5.5	\$6.2	\$4.8	\$6.5
Social				
Contributions	\$232,000	\$208,000	\$215,000	\$258,000
Welfare-to-Career Retention (monthly)	96.2%	97.5%	97.8%	96.2%
Average Hours of Training per Employee	36	25	26	15
Diversity/Human Rights Training (in hours)	2,521	1,936	2,548	2,190
Employee Volunteer Hours ¹	-	-	-	1,807
Environmental and Safety				
Incident Rate	13.6	7.6	5.7	5.7
Lost/Restricted Workday Rate	7.1	4.2	2.5	2.6
Citations/Fines	0/\$0	0/\$0	2/\$500	0/\$0
Water Consumption (cubic feet in millions)	1.9	2.6	2.5	2.4
Sales Dollars per Kilowatt Hours	-	\$2.98	\$3.26	\$3.26
Impact of Spills on Environment	0	0	0	0
Greenhouse Gas Emissions ² (metric tons of carbon dioxide equivalent in thousands)	-	-	-	57.4
Landfill Reduction	-	-	38%	38%
Use of Post-Consumer and Industrial Recycled Material (pounds in millions)	6.0	7.5	9.3	7.9

Note 1: Cascade Engineering began tracking employee volunteer hours in 2005. These volunteer hours count toward the company's goal if they meet one of the three following criteria: (1) Cascade Engineering sponsors the project/event; (2) Cascade gives the employee work time to volunteer; or (3) Cascade contributes financial support to the organization.

Note 2: Value is expressed in units of "metric tons of carbon dioxide equivalents" (MTCO₂E). Cascade Engineering conducted a facility-wide greenhouse gas (GHG) audit of its Grand Rapids "Campus" in strict accordance with the Greenhouse Gas Inventory Protocol of the U.S. EPA Climate Leaders program. The reported GHG emissions total is the sum of CO₂, CH₄ and N₂O quantities emitted from direct and indirect sources consolidated within pre-defined organizational and operational boundaries (see page 16). Appropriate emissions coefficients and conversion factors were either specific to local utilities (e.g., Consumers Energy and DTE Energy) or the default values recommended by the U.S. EPA Climate Leader program. An explanation of calculations and assumptions employed in the audit process can be provided upon request.



The Institute for Systemic Change (ISC) is funded by Fred Keller and the W.K. Kellogg Foundation in collaboration with the Grand Rapids Community Foundation and Cascade Engineering. The ISC issues proposals and provides grants to:

- support foundational research for systemic change
- fund specific systemic change processes
- support seed projects that are systemic solutions

The ISC focuses on supporting new, innovative approaches to solving community problems in areas such as education and poverty. Cross-sector collaboration is emphasized to develop a shared understanding and a common vision. The ISC's objective is to provide demonstration programs that show policy makers how to achieve meaningful systemic change. Cascade's manager of social investment oversaw grant giving in excess of \$250,000 for 2005. School-to-Career Progressions (see page 7) is an example of a program that has received ISC support.

For more information about the collaborators in the Institute for Systemic Change, please visit www.grfoundation.org and www.wkkf.org.

● Economic | ● Social | ● Environmental

"Sustainability is all about the actions, practices and techniques that we take today in both our personal and business lives that will protect and preserve the future."

—Jim Ponchaud
Chief Engineer

TO LEARN MORE ABOUT SUSTAINABILITY, VISIT THE FOLLOWING WEB SITES:

- GLOBAL REPORTING INITIATIVE
www.globalreporting.org
- COALITION FOR ENVIRONMENTALLY RESPONSIBLE ECONOMIES
www.ceres.org
- WORLD BUSINESS COUNCIL FOR SUSTAINABLE DEVELOPMENT
www.wbcsd.org
- INTERNATIONAL INSTITUTE FOR SUSTAINABLE DEVELOPMENT
www.iisd.org
- WORLD RESOURCES INSTITUTE
www.wri.org
- THE CONFERENCE BOARD
www.conference-board.org
- WEST MICHIGAN STRATEGIC ALLIANCE
www.wm-alliance.org
- U.N. COMMISSION ON SUSTAINABLE DEVELOPMENT
www.un.org/esa/sustdev

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For more information on Cascade's Triple Bottom Line Report, please contact Traci Douglas, human resources manager, Business Services, at 616.975.4949 or via e-mail at douglast@cascadeng.com.

ENVIRONMENTAL

continued ...

Combined, these strategies produced an approximated GHG savings of 2,769 MTCO₂E, representing roughly 4.8% of Cascade's GHG emissions for fiscal year 2005 – the equivalent of taking 599 passenger vehicles off the road for a year or not combusting 315,376 gallons of gasoline. Notably, plastic recycling afforded the largest GHG-reduction opportunity, accounting for 78.3% of the total offsets. Cascade has also started fueling its diesel fleet with B5, a blend of 5% biodiesel and 95% regular #2 diesel – another innovative strategy to further reduce Cascade's contribution to rising GHG levels in the atmosphere.

Technical Addendum

Organizational Boundaries

The audit was limited to buildings, facilities and activities over which Cascade Engineering has operational control within Cascade Township, specifically the complex referred to as the "campus."

The operational control approach requires accounting for 100% of the GHG emissions from both owned and leased assets covered within the defined organizational boundaries.

Operational Boundaries

An attempt must be made to account for and inventory all six GHGs using an emission source identification procedure provided by the Protocol. Firstly, emission sources are broadly defined as either core (direct and indirect) or optional. At a minimum, the Climate Leaders program requires the accounting and reporting of all core emissions that arise from the operating activities of the company and can be sub-divided into: (i) *direct emissions* from sources owned or controlled by the company; and (ii) *indirect emissions*, a consequence of the activities of a company, but occurring at sources owned or controlled by another company. Core direct emissions result from the combustion of fossil fuels in stationary and mobile equipment, process-related sources and fugitive emissions. The latter refers mainly to the leakage of GHG associated with the on-site storage of fossil fuels and the use of air conditioners (AC) or refrigerators. Core indirect emissions are emitted as a consequence of the import of electricity, heating/cooling or

steam. Optional emissions include sources of GHG arising from activities upstream (e.g., supply chain) or downstream (e.g., outsourced transportation, waste management) of the defined organizational boundaries. Business travel and employee commuting are considered optional emissions by the Climate Leaders program.

For current purposes, Cascade Engineering elected to restrict the audit to core emissions only, excluding optional emissions for the present. In the case of direct emissions, the following sources were identified and inventoried: (a) **stationary combustion sources** – natural gas usage for injection molding and space heating; (b) **mobile combustion sources** – transportation fuels including motor gasoline, #2 diesel, propane and an insignificant quantity of kerosene; (c) **process-related sources** – due to the absence of published guidance by the Climate Leaders program with respect to the plastics sector, no data was collected for this category; however, Cascade Engineering has taken the first step and screened its process-related chemicals for GHGs; (d) **fugitive emissions** – an initial screening approach indicated that the quantity of GHG emitting from the on-site storage of propane and the use of stationary or mobile AC or refrigerant units was *de minimis*. Furthermore, it was felt that a high degree of uncertainty existed with the current data for HFC and PFC emissions. For these two aforementioned reasons, fugitive emissions were not included in the current GHG emission total, but represent areas of improvement for future audits. With respect to indirect emissions, only the purchase of electricity was applicable for Cascade Engineering. In summary, audit GHG emission totals (in units of MTCO₂E) represent the sum of the contribution of CO₂, CH₄ and N₂O. HFC and PFC were excluded on the basis of the *de minimis* argument above. SF₆ was excluded on the basis that this GHG is a process-related emission not applicable to operations at Cascade Engineering. Data is expressed as absolute GHG emissions rather than being normalized as carbon intensity (e.g., MTCO₂E per \$ sales).