

tbl



Cascade Engineering
Triple Bottom Line Report

2014

10th Edition

tbi

PEOPLE

PLANET

PROFIT





A Triple Bottom Line Formula ($P=F+I_i+I_e$)

Since 1973, when we started Cascade Engineering two values have remained consistent: innovation and impact. Over the years there has been a gradual unfolding of what it means to be a Triple Bottom Line company. From the beginning, I wanted to start a company that could be a great place to work and be financially successful. While not a radical idea, it seemed to be a bit on the innovative side since many organizations didn't seem to be concerned about how to make the workplace more enjoyable. It was a place where you "worked" after all.

For the first couple decades we simply tried to make "work" a more rewarding experience. I remember our very first handbook for employees was written in all positives: we didn't use "do not" at all. Instead we used "do". It was a bit novel and was tough to do, but said something about how we viewed the human

spirit. Several years ago, after many previous attempts to define who we are and why we exist as a company, we settled on the simple concept that our purpose as an organization is to make a positive impact on society and on the environment and to be financially successful. This broad statement sets the tone within Cascade that we are not only here to make money, we are here to make a positive impact.

For those of us trained as engineers, formulas are quick ways to express complex concepts. I have been thinking about how to express our triple bottom line thinking using a formula and have come up with $P=F+I_i+I_e$ where P = performance of the company. In most circles and especially on Wall Street, performance is defined by F , financial results. But in Triple Bottom Line companies that is not the end of the story. Rather it is the I = impact we make

that goes beyond the financial story. Importantly the impact can be both internal (*i*) and external (*e*). Internal impact (*i*) shows up as things like our Welfare to Career program which positively impacts the lives of not only those individuals transitioning from welfare, but also positively impacts the rest of our employees as they understand that support is fundamental to our thinking, and all people within Cascade are supported in their endeavor to achieve a better life for themselves and their families.

This impact extends externally (*e*) to other companies that may want to emulate our work and we can help. It is fair to say that our Welfare to Career work stimulated the efforts of the SOURCE where we are now a member along with 21 other firms employing 7000 employees while collectively helping approximately 700 people achieve welfare independence: external impact (*e*).

Now of course impact has two forms: impact on society and impact on the environment; both critical to the future success of our world. So as a Triple Bottom Line company, we are not just stating that doing things for the environment and society are nice things that we will get around to after we make money, we are saying that it is how we define ourselves. The performance of an organization is not simply defined by financial

results, it is the combination of financial results plus impact, good and bad, on society and the environment. This report attempts to transparently review our 2014 Triple Bottom Line performance: $P = F + I_i + I_e$



Fred P. Keller
Founder & Chair



Continuing the TBL Legacy

This is my first TBL letter as the CEO for the Cascade Engineering Family of Companies. You may be expecting some grandiose statements about how I intend to lead Cascade Engineering as I take over the responsibilities Fred has held for 41 years. You may be eager to hear about the changes I intend to make and what my goals are for our company for the next 10 to 15 years. You may be expecting me to talk about what it means to be a leader and how I intend to lead. If that's the case I am very sorry to disappoint you.

Under Fred's leadership we have built an organization that all of us are very proud of. We have created a number of social programs like Welfare to Career and Returning Citizens that reflect our desire to employ a diversified workforce. A workforce comprised of 1600 employees that all have value as individuals and not only value because of their contributions at work but a much more meaningful value as human beings.

We have created an environment where racism of any kind is not tolerated and the result is innovative ideas that originate from our diversity of life experiences.

I have been honored with the responsibility of making sure this wonderful organization that Fred and all of our employees past, present and future have built continues to thrive and succeed for the generations that will follow.

My commitment to Fred, the Keller family, the board of directors and all of our employees is simple; I intend to increase our positive societal and environmental impact while continually improving our financial performance.

Mark Miller
CEO & President

B Corp Recertification

In December, we were certified for the third time as a “B” Corp. The B Lab assessment which is conducted every two years is tailored to the size of your company and the type of business you conduct. The latest questionnaire we completed was specifically designed for large manufacturing companies with 1000+ employees. This B Impact Assessment remains a rigorous process with over 150 questions categorized in 5 specific areas as follows: Governance, Workers, Community, Environment and Impact Business Models. This process required 14 people throughout all areas of the organization to complete. With successful completion of the assessment we are proud to be designated as one of the largest Certified “B” Corps in the world.

I am frequently asked “why?” Why does Cascade Engineering commit so much time, energy and expense to be recognized as a Certified “B” Corp. The simple answer is, “It makes us a better company”. We don’t seek certifications and recognition to give ourselves a pat on the back; Cascade is proud of our ability to be certified with other businesses around the world that maintain

like values, but more-so we believe in the importance of showing that business truly can do something good and turn it into good business. It is this belief that drives our innovation in the product, technology and service solutions we provide.

We recognize the many benefits to the organization as a result of our “B” Corp certification and we encourage all businesses large and small to “B” the change and use their business as a force for good.



Kenyatta Brame
Executive Vice President



GOOD FOR PEOPLE

We live in a world where racism is still prevalent, inequality still exists and 50 million people in the United States live in poverty. We believe that business has an opportunity to improve race relations, embrace diversity and help people to develop careers that take them off welfare.

We also encourage other businesses to develop their own programs that can have a positive social impact within their communities and we are willing to facilitate this if we can help. Here at Cascade Engineering over 600 people have taken part in our Welfare to Career program enhancing the quality of life for participants and their families.

Our anti-racism policy was developed and implemented to assure that any form of racism would not be tolerated while ensuring that all of our employees are not only valued for their contributions but more importantly as human beings. We do these things solely with one purpose in mind...it's the right thing to do.





PROFILE:

Samia Brown, CSTO

At Cascade Engineering, we embrace diversity. We believe every individual has their own story to tell and that their individual experiences allow them to see our world from a unique perspective. Meet Samia Brown, our Chief Strategy and Technology Officer, who exemplifies why the diversity of our workforce is so valued at Cascade Engineering.

When Samia was 10 years old, her father collected his life savings of a few thousand dollars and moved his young family from Karachi, Pakistan, to Hopkinsville, Kentucky. Samia quickly learned that her cultural and ethnic differences set her apart from her classmates in rural Kentucky. “I was proud of my heritage and appreciated the differences between my classmates and me. But perhaps the greatest gift of having been transplanted into a completely foreign culture was learning the ability to find common ground despite our differences.”

In the years to follow, the family moved to southern Illinois, where Samia graduated from high school and attended Washington University in St. Louis, MO. Pursuing math and sciences was the focus of her college studies, emerging

with a bachelor’s degree in Chemical Engineering. After graduation, Samia went on to spend 15 years at Dow Corning in a variety of global roles, including product development, sales and marketing.

In 2003, after settling in West Michigan with her husband and young children, Samia responded to an opportunity for a marketing position at Cascade Engineering. “The things I valued in my personal life were mirrored by what I saw within the Cascade family.” More than a decade later, Brown continues her career journey. She has had the opportunity to be involved in everything from marketing and strategy to launching a new startup in the sustainable consumer product space.

In 2013, Samia’s unique background and experience brought her to an exciting peak as Cascade Engineering’s Chief Strategy and Technology Officer. Brown’s passion for the role is palpable. “I’m looking at strategy and technology from the perspective of where we should be going next, which includes our current startups. I very much enjoy putting the complexities of products, channels



and markets together. Being able to understand the dynamics and parameters that affect a situation and being able to organize that into a strategy is both challenging and rewarding. I look forward to the next few years as we evaluate impending trends and their impact on our future growth platforms.”

On a personal note, Brown is a proponent of establishing work life balance. She admits it’s hard. “Juggling the needs of children with a mountain of work responsibility is not always easy, but I wouldn’t have it any other way.” Brown hopes she can be a role model for younger women in the work force to show that it can be done. She adds, “The effort is definitely worth the reward.”

When not at work, Samia is focused on her husband, Michael, and their three children – Aliya (20), Geoff (18) and Sofia (10). “I’m blessed to have an extremely supportive husband and three incredible children whom I’m very proud of. They’ve had the benefit of viewing the world through two very different cultural lenses, and I expect them to use their unique talents to make the world a better place!”

PROFILE:

Talent Management Department

Dave Barrett and Val Dewey have spent a combined total of 53 years at Cascade Engineering. They exemplify “Servant Leadership,” in fact, they teach other employees about it. The role of Talent Management here at Cascade Engineering is multifaceted and both Dave and Val have numerous responsibilities. Most importantly their work is intended to help Cascade Engineering become the “Employer of Choice” for the Grand Rapids community. They are responsible for the continued training and education of all of our employees. They make sure everyone understands the culture and values of our organization. From “Diversity Awareness” to “7 Habits” if there is a training class most likely Dave or Val will be leading it and more likely they have developed it.

Dave started at Cascade Engineering in 1977 as a summer intern and machine operator fulfilling a requirement for his degree in Plastics Technology at Ferris State College. Over the years Dave has been a die setter, molding technician, maintenance supervisor, employee development coordinator and plant manager. From 1992-1996 Dave worked on “special projects” for former President Rich Cook. In 1996 employee training was centralized and Dave was named – Sr. Internal Consultant HR, a role which evolved to his current position as – Director of Talent Management. His many experiences and engagements with the people of Cascade Engineering made him the perfect candidate to lead our Talent Management efforts.

Val joined Cascade in 1999 and was a contract employee working to understand affiliate turnover. Her people skills were readily recognized and she was hired as the HR Manager for the North Plant, and two years later joined Dave and they have worked together for the last 14 years. Her approach to internal customer service is unparalleled. Val genuinely cares about every employee at CE and she makes you feel good about yourself.

Employee development programs like “Dialogue Sessions” and “Leaders Forum” are led by Talent Management. Providing employee feedback through Personal Effectiveness Profiles (PEP) and Peer-to-Peer (PTP) profiles while coaching our managers and employees to assist them in improving their personal and professional effectiveness are all responsibilities of Talent Management.

Dave and Val are passionate about their work and take pride in helping all of our employees continue to learn not only about Cascade Engineering, but also about their potential for continued growth personally and professionally. Cascade Engineering is only as strong as the talented people who work here and it is comforting to know we are in such good hands.



GOOD FOR THE PLANET

A large part of our business involves plastics fabrication. Plastic injection molding is what we do, so to many environmentalists our emphasis on the environment and our planet may be confusing and disjointed. How can a company with a core competency in plastics be a TBL company focused on improving the quality of our planet at the same time?

We believe that plastic is a material that can be used for good causes. Our plastic Hydraid® water filter has provided over 770,000 people in 46 countries with safe drinking water. Our plastic Pink Cart has raised breast cancer awareness while providing over \$500,000 in contributions to the American Cancer Society.

Our plastic automotive dash mats reduce weight and improve vehicle fuel economy. Our large Class 8 plastic exterior truck parts manufactured at CK Technologies improve aerodynamic flow, reduce weight and improve fuel economy. Our Decade Products, RACX® Pallets are a certified Cradle-to-Cradle product. And all of these products are 100% recyclable.

We are also continuously increasing our use of recycled plastic in many of our product offerings. Our headquarters are located in a LEED Certified Platinum building and we are one of the largest Certified “B” Corps in the world.





Image: The Learning Community - LEED Platinum Grand Rapids Headquarters

Cascade Enterprise System (CES): A Better Way to Work

CES is our company's approach to continuously improve how we work. We believe that CES is a viable means to ensure growth and strength for our Family of Companies. CES showcases the benefits of operating under lean principles. Even better, it gives our entire labor force the tools they need to implement strategic changes and experience their benefits.

We have long been dedicated to the achievement of zero waste for environmental stewardship. Our commitment to eliminate waste in how we work is an equally worthy effort.

CES helps our diversified businesses identify "The 7 Forms of Waste," and develop breakthrough objectives to drive these wastes out of our systems and processes. CES also provides a framework by which those objectives can be prioritized. Our Transformational Value Stream Analysis (TVSA) tool is used to analyze every element of the manufacturing process from sales through shipping, and all of the steps in between, to focus our efforts on improvements that make the most significant impact on our Triple Bottom Line.

Straightforward, transparent and supportive, CES helps us create demand in our markets, achieve operational excellence in our facilities and nurture a culture in which every team member can thrive.

CES enables everyone to understand the where, what, how and why of their work. This leads to higher productivity, greater team engagement and empowerment, trust and satisfaction.

Throughout 2014, CES expanded its rollout across our organization. It's generated a lot of excitement, with measurable results to be proud and proactive about. We continue to deepen our understanding and knowledge of CES and our progress so far gives us a lot to look forward to.

The 7 Forms of Waste

1. **Correction** - Mistakes and poor quality
2. **Over-production** - Making too many
3. **Motion** - Unnecessary steps
4. **Conveyance** - Material movement
5. **Waiting** - For something / someone
6. **Inventory** - Making too many
7. **Process (excess)** - Over-processing

Image: West Plant Mission Room





Image: Xtreme RFID Snap In Tags (Black) & Rivet Jr. Tags (Orange)

Xtreme RFID

Xtreme RFID is an entrepreneurial endeavor with boundless opportunity—and one that requires equally boundless perseverance. Reflecting on 2014 Mike Lewis, Sales Manager said, “We are pleased to have added eight new part numbers and eight new customers and we are still in the early adoption phase for this industry.”

Mike believes that tenuous economic indicators contributed to the lag in moving through the sales cycle throughout FY2014. “We sensed that companies were sitting on cash and not spending until they felt more confident about the economy.” Still, the Xtreme team is pleased about expanding the markets they’re talking to, and the exciting potential that those markets represent. In 2014, they brought the message of RFID capabilities to a number of potential customers, including municipal utilities, commercial fishing, manufacturing, oil and gas, mining, agriculture and health care.

Overall, the industry is gaining momentum, but it still has a way to go to satisfy the Xtreme team. To compensate for the slower than desired pace of adoption, Lewis and his colleagues believe a broad approach to as many markets as possible will best serve growth and advancement.

As with all of Cascade Engineering’s Family of Companies, Xtreme RFID relied on Transformational Value Stream Analysis (TVSA) to guide their goals and strategies for the year.

The team remains diligent in closing out each of the action items they set, and will continue their TVSA approach. They believe that an environmentally strong case will also contribute to adoption and advancement. Lewis noted, “RFID is all about sustainability. Assets can be tracked for:

- Theft reduction
- Asset life cycle management
- Inventory management
- Productivity and efficiency improvements
- Asset visibility in the supply chain
- Automation of data collection

As customers implement RFID to put these benefits in place, they will experience a reduction in the quantity of assets needed to run their enterprises, including reduced volumes of raw materials required to manufacture, reduced fuel costs required to ship assets and less waste of resources due to a reduced need for replacements.”

Additionally, the ability to track information will lead customers to more efficiency, which also enhances profitability and sets the stage for more impactful strategies. All of these factors come together with the potential to enhance profitability and planet-focused futures for both customers and Xtreme RFID.

Commercial Products

Jim Gingrich, Sales Manager of Commercial Products, attributes their Cascade Enterprise System (CES) initiatives, particularly the Transformational Value Stream Analysis (TVSA) they completed, for providing them with the foundation to establish clear expectations in 2014. Successful pricing negotiations, new business, increased sales and improved margins all contributed to a solid performance.

The launch of the new Herman Miller, “Mirra 2” chair back and spine components helped to increase our overall business with this important customer. At the same time the office furniture market grew slightly from previous years, providing additional favorable financial impact.

When asked to identify the most effective tool that guided Cascade Commercial Products to an impressive year, Jim doesn’t hesitate. “Having the Triple Bottom Line as a north star helped us to keep all priorities in balance—not achieving one or two at the expense of the third, but finding a way to make a positive contribution to all three.”

These TBL contributions include development of products using 100% recyclable/compatible materials. Manufacturing engineering also played a key role in development and implementation of secondary equipment to greatly reduce scrap and increase quality on the Mirra 2 program launch.

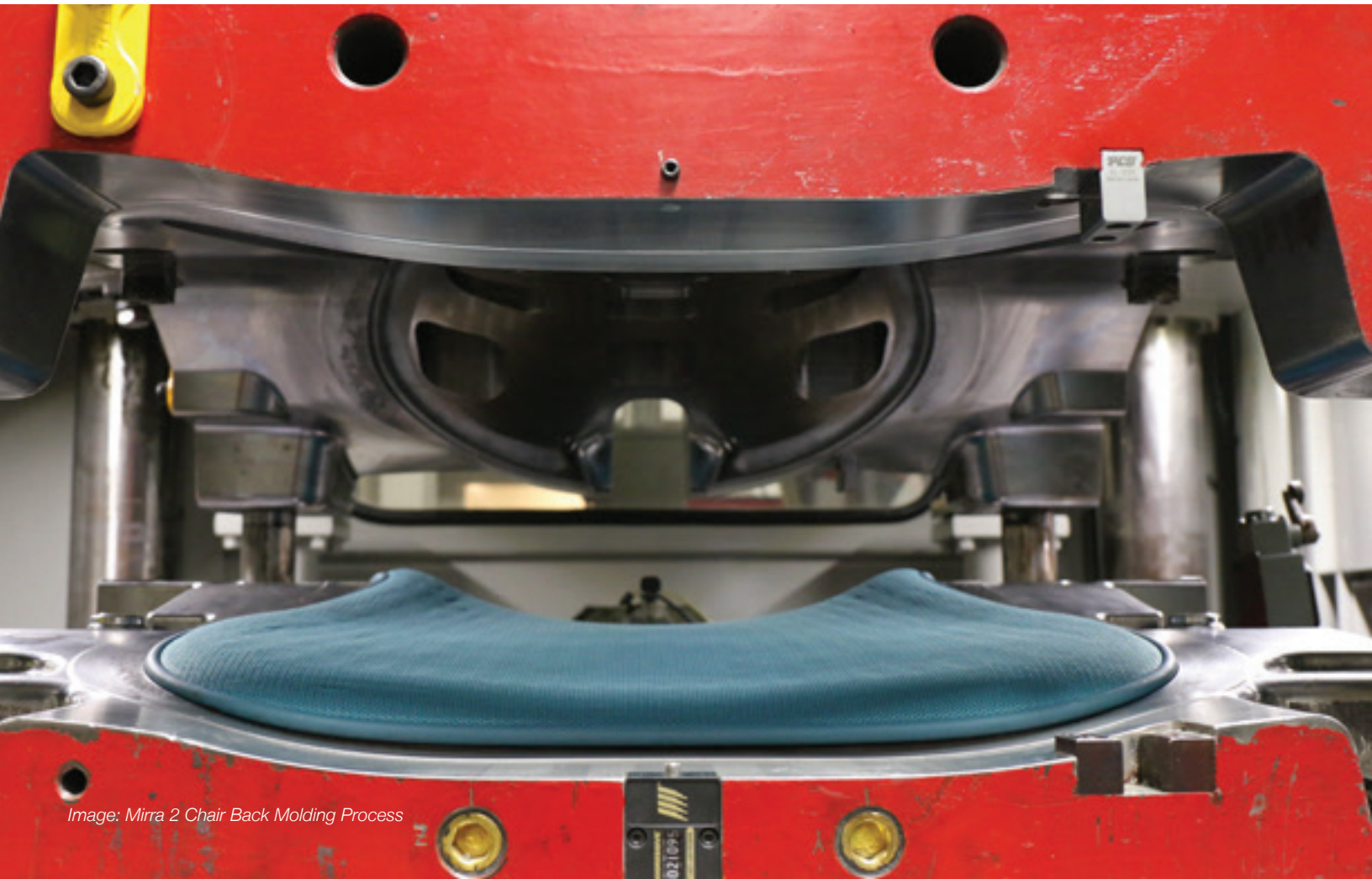


Image: Mirra 2 Chair Back Molding Process

Gingrich proudly cites people, planet and profit achievements for 2014 as follows: People were served through our production support and distribution of the Hydraid™ water filter in 46 countries worldwide. Additional employment opportunities were made available with the launch of Herman Miller's new Mirra 2 chair. The new Mirra is planet conscious with the chair back we supply being 100% recyclable. Also, use of a new eco-smart bonding process eliminates harmful adhesives.

Profitability for other products improved through increased business and successful pricing negotiations led by Steve Shamery. Cascade Commercial Products also saw increased local competition enter the market and met the challenge by delivering injection molding capabilities that offered innovative solutions while providing greater value to the customer.

CES offered significant impact by forming the business priorities using TVSA processes. CES Director, Mike Rexford, assigned manufacturing engineer Tim Tietema to lead implementation of secondary equipment for the Mirra 2 project and his expertise was invaluable to the successful product launch led by Scott Brown.



The Mirra 2 Chair by Herman Miller

The Mirra 2 Chair was designed as a collaborative effort between Studio 7.5 in Berlin and Herman Miller designers in Michigan. The chair was designed to use as few parts as possible to simplify the manufacturing process.

The chair “back” and “spine,” developed and manufactured by Cascade Commercial Products are 100% recyclable. Instead of traditional fabric, Mirra 2 uses a spacer fabric bonded to a molded polymer frame and then overmolded with a polymer bead.

Mirra 2 is available in multiple monolithic and two-tone color options. In addition to looking great, the Mirra 2 was designed to mirror the motion of a person.

Less material used intelligently is more responsible to the earth. At 22% lighter, Mirra 2 has a carbon footprint that's also 25% smaller.

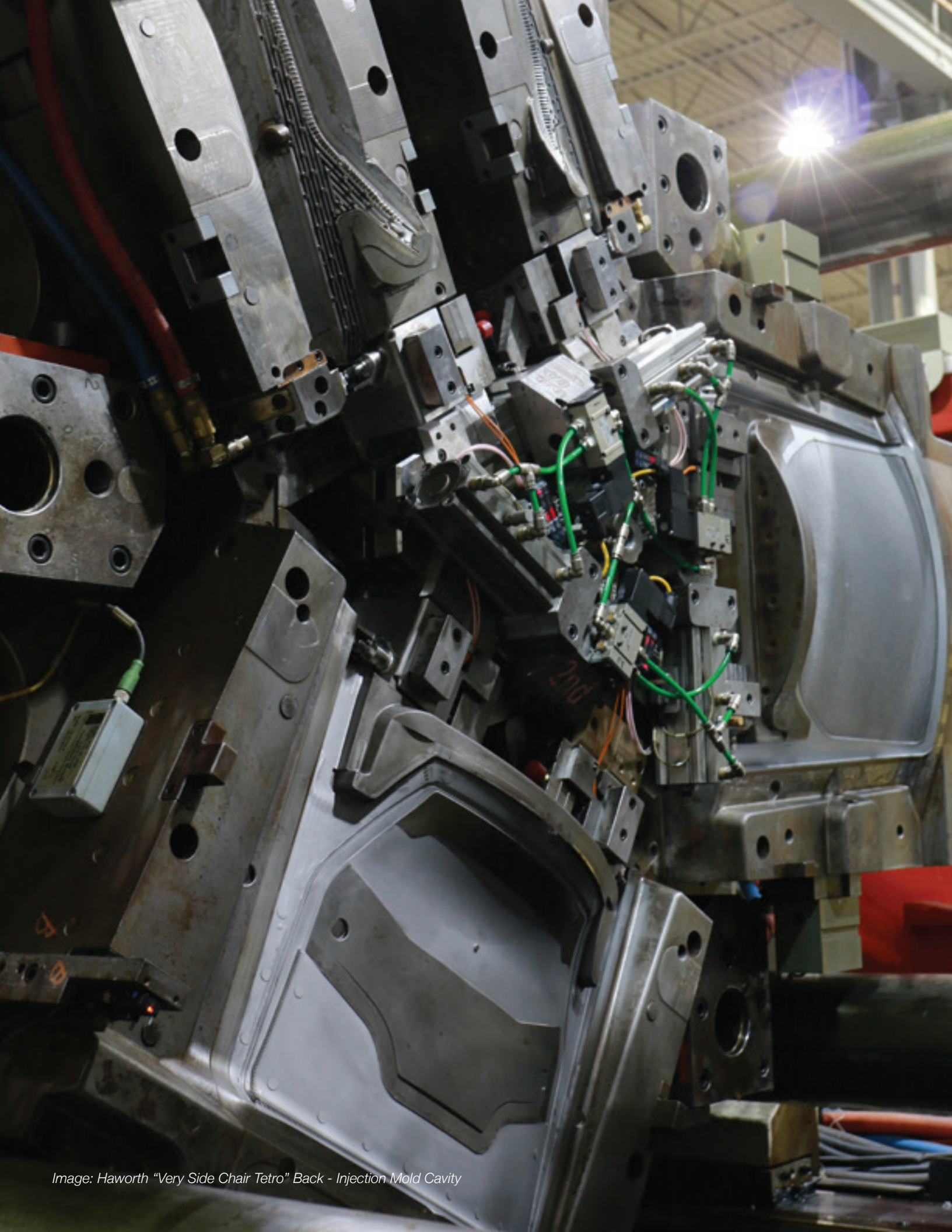


Image: Haworth "Very Side Chair Tetro" Back - Injection Mold Cavity

GOOD FOR PROFIT

By definition a Triple Bottom Line company captures the “financial, social and environmental effects of a company’s policies and actions to determine its viability as a sustainable company.”

Our financial success allows us the opportunity to impact positive change within our society, our community and our environment. Financial success also provides us with the means to fund innovation, invest in capital equipment, hire talented employees and support their training, education and development.



Automotive Americas

Automotive Americas posted solid revenue growth in 2014 due to increased vehicle sales in North America. Leveraging CES tools to better understand the financial performance of each job provided a roadmap to improving our manufacturing margin. Meeting profit objectives was particularly noteworthy due to rising material costs. Ultimately, the automotive group was successful in negotiating win-win pricing contracts without losing a single customer.

Recent new business awards at Chrysler and Honda reinforced the growing interest in plastic injection molded dash mats. The dash mats aren't flashy or even visible to the consumer, yet they'd be sorely missed if they were out of the picture. Tucked between the engine and the dashboard, the lightweight, acoustical shields make vehicles quieter while increasing fuel efficiency. Dash mats are also a "Planet" friendly solution. The variable mass, injection-molded dash mat is not only lighter, it is made from 100% recycled resin, which eliminates landfill waste. Competing products do not offer this environmentally responsible advantage.

Automotive Americas was also able to strengthen its valued personal relationships. Leveraging CES processes and tools gave purpose and structure to their efforts. On-site audits were held, which allowed customers to interact directly with employees making their products. This new approach set the stage for solutions to the challenges being faced by both sides. Not only did customers express that they felt appreciated and listened to, but they also gave our team an award for their quality performance.

Rich Brouckaert, Vice President of Automotive America Sales stated, "CES had a significant impact on our business unit. By leveraging the tools within the TVSA process, we were able to identify areas where cost, quality and service could be improved. The CES process provided our business unit with everything we needed to achieve the financial improvements we have experienced without losing the faith or commitment of our customers".



Image: Acoustic Dashmat Production

Automotive Europe

Cascade Engineering Europe Ltd. (CEE) in Halasztelek, Hungary was the first enterprise that allowed us to have a positive impact that reached beyond the US market.

With 2014 marking its 21st year as part of the Cascade Engineering Family of Companies, CEE continued to prove itself as a leader in service and execution. Specializing in kinematics, fluid connectors and air vent assemblies, CEE designs, engineers, manufactures and assembles products for OEM, Tier 1 and Tier 2 automotive suppliers of all sizes throughout Europe.

In spite of a blustery global economy, CEE Managing Director, Zsolt Szincsak reported that conditions had minimal effect on business, balanced by stronger global vehicle demand. Zsolt was pleased to report that they had surpassed their EBIT goal in 2014.

In addition, CES, Cascade's company-wide growth strategy based on lean principles, demand creation and elimination of waste also played an important role in CEE's operations. Implementing CES practices, they recorded the following accomplishments;

- Increased manufacturing margin
- Exceeded profit goals
- Improved operator training system
- Improved safety statistics
- Decreased waste costs
- Decreased energy consumption

Zsolt also noted that key customers were impressed with CEE's outstanding customer service. "Our excellent project management, low PPM level and perfect delivery results are appreciated by those who depend on us for their products. We strive to execute each project seamlessly. We were also



Image: Volvo S60 Louver

awarded key new projects from Volkswagen giving us complete design responsibility. This allowed us to fully demonstrate our expertise to this key customer." The kinematics division was also awarded a first-ever storage compartment product, which they will be developing for a new customer, International Automotive Components (IAC).

Zsolt also noted, "OEMs would like to directly source kinematic products. This drove us to find and introduce ourselves to these new buyers, strengthening our relationships."

CK Technologies

2014 was a very good year for CKT. President, Christina Keller, pointed to higher trucking industry volumes overall, compared to the past several years, as a business booster. Keller is optimistic about the implications of the increase. "In addition to creating demand for our products due to more trucks, the trucking industry is typically a leading indicator of the economy. In this case, more is better and we welcome the opportunity to meet the need."

Christina also reported interesting legislation potentially driving trends for fleet buyers. "Hours of service regulations are making drivers a scarce resource. Fleets may be buying higher end Paccar (Kenworth and Peterbilt) trucks to build loyalty within the existing driver base." While it's difficult to definitively attribute these trends to one thing or another industry volumes have skyrocketed.

Paccar sells commercial trucks around the world. Known for its strict quality standards, we are proud to have grown our relationship with them. CKT started doing business with Paccar in 2008, with two small programs. By 2014, Paccar became a \$30 million customer.

Throughout the year, CKT remained focused—and succeeded—on targeted goals for financial performance. Keller reports, "Our goal was to meet or exceed our financial plan, which we did! We are especially proud that our final figures reflected a significant increase in EBIT."

The CKT team's increased efficiency efforts also produced positive outcomes in improved safety incident rates and reduced changeover times thanks to CES and introduction of the 6S process on the manufacturing floor.

New to "6S"?

6S is a process and method for creating and maintaining an organized, safe, productive, high performance workplace. Supporting continuous improvement, 6S creates visual cues that make abnormalities obvious. This, in turn, helps employees quickly adopt protocols that sustain and promote a fully operational 6S environment.

The Six "S-es" of 6S

1 | SORT

Segregate and Discard. Distinguishes essential from non-essential (parts, tools, etc.) in the area.

2 | STRAIGHTEN

Arrange and Identify. Arranges the work area in the safest and most productive manner.

3 | SHINE

Clean daily, with ICE (Identify mess creator, Contain it, Eliminate it). If it doesn't get dirty, it doesn't need cleaning.

4 | STANDARDIZE

Revisit Frequently. Look for visual abnormalities in the work area. Visual management is the key to standardization

5 | SUSTAIN

Self Discipline is the "glue" that keeps new behaviors and processes in place.

6 | SAFETY

In each of the previous "S-es," any potential ergonomic and acute risks are identified and addressed throughout the process. This ensures the safety of people and quality of products.

Decade Products

It's no wonder Decade Products President, Ralph Harris, is happy with the company's 2014 year in review as he reported, "Revenues were up 50 percent and net income was up 300 percent over the previous year." Positive figures by any standard, Harris is quick to note that the spike is largely attributed to Gerber, a subsidiary of Nestlé.

This order created growth and opportunity that can potentially be parlayed into future business with other customers. Additional business-boosters to 2014's banner year were favorable weather conditions that led to bumper crops for agricultural operations. Big harvests increased customer interest in buying more of Decade's MACX®, KitBin® and Dolav® bins.

In spite of the overall positive performance, the company's revenues were impacted by increasingly high resin costs. That said, peak performance efforts prevailed, driving Decade's actual net income figures to exceed their set target.

Decade's CES initiative joined other business units in predicating positive operational developments. Harris reported, "CES was instrumental in the Transformational Value Stream Analysis (TVSA) process. We changed our focus to the industrial market segment and the growth there was about 50 percent higher than the previous year."

As part of the unit's planet-friendly focus, Decade was able to successfully incorporate a much higher use of "regrind" HDPE into its pallet production and also continued to make inroads in converting users from wood to plastic pallets.

Decade also continued to serve the community through volunteer activities and financial support for its 2014 charity partner, Family Promise of Grand Rapids. The charity provides hospitality to homeless families and keeps them together during temporary periods of homelessness. The organization also encourages and helps families create an achievable vision and develop a strong foundation for self-sufficiency. We were rewarded by the opportunity to volunteer and support families in need.



Image: Decade MACX® Bins

Cascade Cart Solutions

For many years, Cascade Cart Solutions (CCS) has enjoyed the heartfelt popularity of its Pink Carts for breast cancer awareness. For Jo-Anne Perkins, Vice President of Environmental Services, and inventor of The Pink Cart™ initiative the response has exceeded all expectations. “During this past year our partnership with the American Cancer Society helped us cross over major thresholds shipping over 100,000 Pink Carts and donating over \$500,000 in total, an accomplishment that has really had an impact on both our customers and those in the breast cancer community” Jo-Anne remarked.

In fact the program has gained such national exposure that this past year CCS was approached by the Alzheimer’s Association® and asked to replicate The Pink Cart success, only in Purple, promoting awareness of Alzheimer’s. Proudly, CCS launched a Purple Cart for the cause with all donations going to the Alzheimer’s Association. So far the response has been very strong and they look towards turning many curbsides Purple in the next few years.

Always looking for new opportunities to better serve their customer base CCS recently introduced the “Bear Cart” to communities struggling with growing and increasingly aggressive bear populations.

The year also brought with it challenging times as raw material costs (in this case high density polypropylene or “HDPE”) reached an all-time high making carts very pricey for their municipal customers and independent haulers. CCS experienced projects being delayed and indeed canceled as customers wrestled with the high costs of cart implementation. Overall the market declined 18 percent which impacted the entire industry nationwide. As a result of the market downturn revenue goals were not achieved as planned, or desired.

The unexpected slowdown allowed the business to focus on other margin opportunities and in turn expand its service center footprint. Often after installing large quantities of carts to communities the on-going swapping, cleaning and maintenance of the carts becomes overwhelming to the customer so CCS will set up shop and take care of the cart fleet, allowing the customer to focus on their core business. CCS prides itself on bringing mid-west values to this area of the business and delivering strong customer service metrics. This is a profitable and strong growth division within the business unit.

As part of its Assembly and Delivery business, in conjunction with its Service Centers, CCS delivered to the market its proprietary asset management software CartLogic. This is a simple software tool that tracks cart deliveries and on-going cart maintenance. A free app is available for Android smartphones making visibility and interaction easy from anywhere at any time. Customers will always know what is happening on the streets with their carts. This products reception in the market was overwhelmingly positive. Continual development of the software and sales expansion is planned for this coming year.

From an overall Sales and Operations perspective the Cascade Enterprise System (CES) has had the desired positive effect, now in its third year of implementation. It has helped CCS become more focused, nimble and capable. Transformational Value Stream Analysis (TVSA) became an invaluable tool that assisted the business with back and front end alignment, while creating stronger synergies and prioritization of opportunities.



Image: CCS Purple Cart

Recycled Carts

Cascade Cart Solutions is committed to sustainability, helping companies and municipalities reduce their environmental footprint by recycling carts at the end of their useful life. As a triple bottom line company, our vision is to enable our customers to reach zero waste not only in the recovery of materials, but also in their business operations. This includes retrieval of used carts to upcycle them into new products at the end of their useful life.

CCS recovers any brand of HDPE injection molded carts or recycle bins, grinds them into flake material and re-pelletizes the material.

This pelletized material is then incorporated into new containers made using our co-injection process. The new carts contain up to 50% recycled content while maintaining exceptional performance. We are committed to this closed loop system and will work closely with any size organization to take back containers in the most efficient way possible.

Invisible Waste Services

The adage “garbage in, garbage out” generally comes with a negative connotation. Not so for the IWS team; they say bring it on. That’s because, when taken literally, the more “garbage in, garbage out,” the better it is for business. FY2014 was no exception. IWS reported increased unit sales over FY2013, ensuring that trash talk was welcome there.

Business Manager Max Hunsicker attributed the increase to multiple factors. For example, IWS opened operating hubs in five new states; Alabama, North Carolina, South Carolina, Tennessee and Virginia. Increasing multi-family residential construction has also had a favorable impact, as well as increasing occupancy within those multi-family units.

Container options also expanded, with new product offerings in addition to The Bench®. Customers can now also choose from a smaller trash box or a traditional trash can that can be left on their doorstep for collection.

Additionally, IWS offers single stream recycling, with our “blue bag” service. Customers place their blue bags into the Benches alongside regular trash bags and IWS porters do the rest.

Hunsicker also noted greater demand for pressure washing and recycling services as contributors to strong productivity. Increased unit sales across all regions contributed to increased profitability.

The IWS team continues to grow and expansion of their geographic footprint is expected to grow particularly in the southeastern United States in FY2015. IWS leadership has refocused on Transformational Value Stream Analysis (TVSA) in full alignment with CES methods as a core strategic driver for sustainable growth.



Image: IWS Orlando, Florida

Noble Polymers

FY2014 was a year of change for Noble, as they implemented a significant strategy shift. Their efforts contributed to a successful fiscal year outcome. Sales and Business Development Manager, Meagan Marko, explained, "As we examined our goals and how we were going about reaching them, we realized that shifting our focus could be beneficial. We acted by reducing the number of projects in order to maximize our core strengths. We also watched costs closely, so that we could stay profitable during this phase of growth. Our efforts were fruitful."

Meagan also reported that Noble's implementation of a "mission room" in tandem with employee education to integrate it into the company's culture proved to be a smart approach to their CES initiatives. Marko notes, "The mission room serves multiple purposes, but one of its key benefits is that it brings issues forward quickly. It allows us to address potential pitfalls not only earlier, but also correctly. Solutions are often simpler when addressed early, which also saves time, and resources."

Noble also was awarded a dash mat program for an external client. As the business unit's first non-CE dash mat program, the contract is indicative of what Marko observes as an industry trend—and one that bodes well for the future. "We are seeing a shift to more customers looking at injection molded dash mats. This is good for us, because we are on the forefront of material solutions in this product space. This new program is just the beginning of what we see as an emerging opportunity."

Aligning with an ongoing commitment to the planet, Noble met its goal to use a majority of recycled polypropylene in its manufacturing operations.

What is Polymer Compounding?

Polymer compounding is a process of melt blending plastics with various additives. This process changes the physical, thermal, electrical or aesthetic characteristics of the plastic. The final product is called a compound.

Compounding starts with a base resin or polymer. These base resins or polymers have unique characteristics that make them suitable for certain applications. By incorporating an extensive range of additives, fillers and reinforcing, a wide range of properties can be achieved. These include conductivity, flame resistance, wear resistance, structure and pre-color.

Compounding involves several steps. Resin and additives are fed through an extruder where they are combined. The melted compound exits the extruder in strands about 1/8" in diameter. These strands are cooled and cut into pellets. These pellets go through a series of internal quality and verification inspection's before delivery to the customer for injection molding or sheet extrusion.



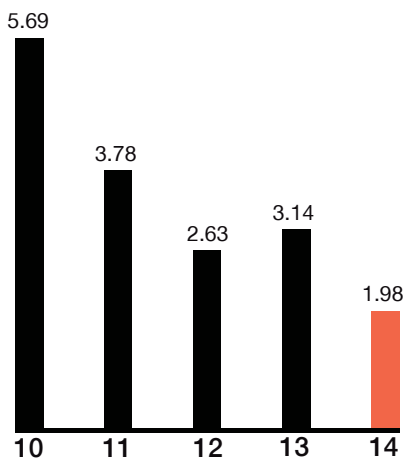
Image: Cascade Engineering, Grand Rapids, Michigan

ANNUAL TBL SCORECARD

Our TBL scorecard represents the key measurements we use to identify challenges and track our progress as related to people, planet and profit. With the exception of fiscal year sales all metrics represent measurables only within CE's Grand Rapids campus.

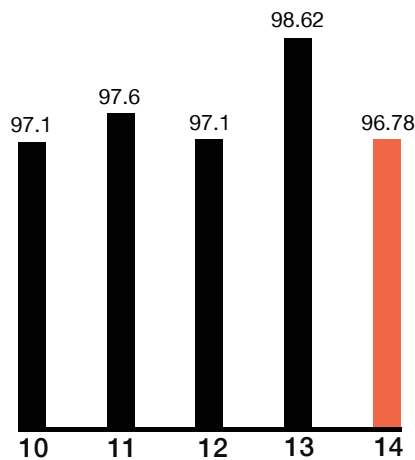
PEOPLE

Safety Incident Rate
(rates per 200,000 hours worked, %)



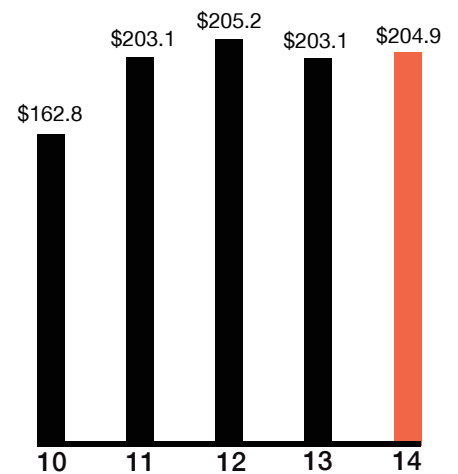
Safety is our number one priority. We are proud to report that we come in below the industry average of 5.6% and strive to decrease this rate year over year.

Welfare to Career
(retention rate, %)



We value every human being at Cascade Engineering and we work to ensure that all of our employees have an opportunity to build successful careers.

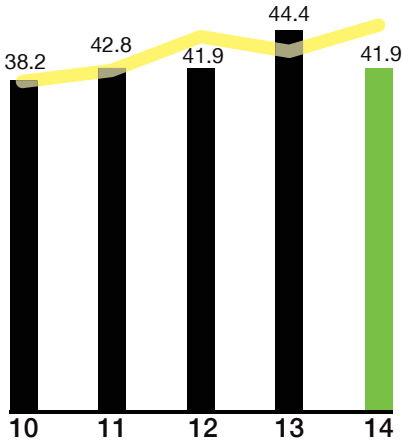
Social Contributions
(dollars in thousands)



We believe that business has the opportunity to make a positive impact on society. We are proud to contribute to our community.

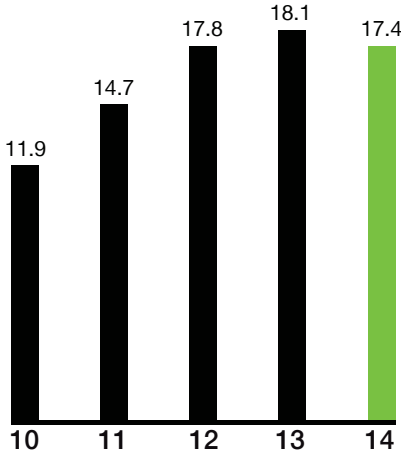
PLANET

Greenhouse Gas Emissions
(CO₂ tons in thousands compared to GR campus sales)



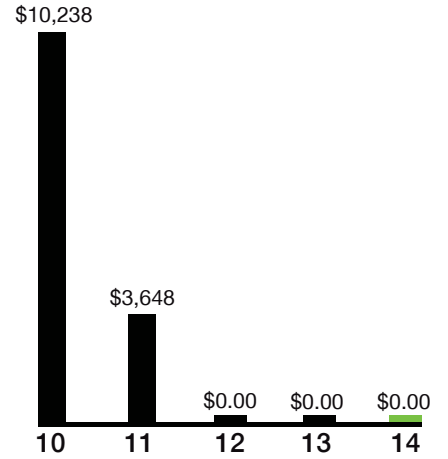
We use this metric to measure our environmental footprint. We work at decreasing this number year over year. The yellow line represents our Grand Rapids campus sales dollars.

PCR/PIR Usage
(pounds in million)



We strive to increase our use of post-consumer and post-recyclable material in our products.

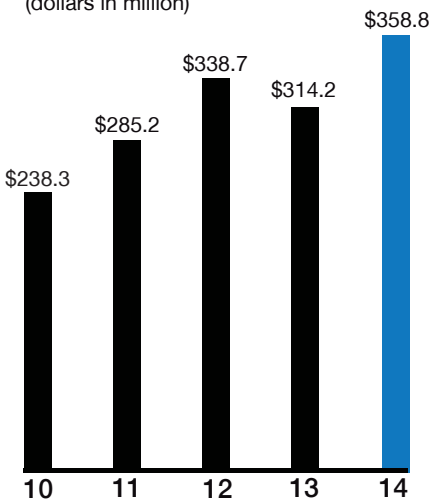
Landfill Cost
(waste to landfill \$)



At Cascade Engineering, we take garbage seriously. We are proud to report that we have spent \$0 on landfill costs over the last three years.

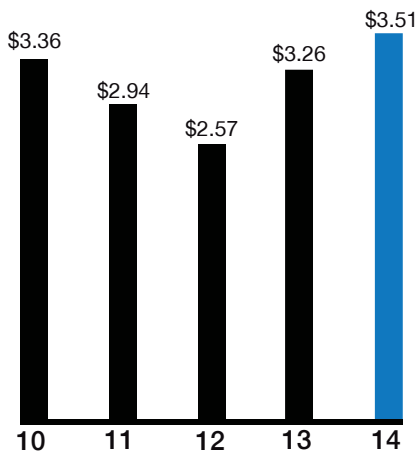
PROFIT

Fiscal Year Sales
(dollars in million)



This graph represents our fiscal year sales for the entire Cascade Engineering Family of Companies.

Sales to Kilowatt Hour
(sales \$ per kilowatt hour)



In fiscal year 2014 for every kWh of energy we used, we made \$3.51. We want this number to increase year over year so that sales increase while using the same amount of energy.

Certified



Corporation[®]

bcorporation.net



3400 Innovation Court SE, Grand Rapids, MI 49512
616.975.4800 | info@cascadeng.com | www.cascadeng.com
© Copyright 2015 Cascade Engineering

