

TRIPLE
Bottom Line
report

2006 CASCADE ENGINEERING

ECONOMIC

SOCIAL

ENVIRONMENTAL



Purpose and Scope of Report

Cascade Engineering is committed to pursuing a deeper understanding of the Triple Bottom Line. Our corporate goals are directed toward developing our company as a sustainable enterprise.

Since our founding in 1973, Cascade Engineering has held the belief that a business can be profitable, socially responsible and environmentally aware. Our strategy is to become a sustainable enterprise, with specific financial, social and environmental goals.

The purpose of this report is to develop an understanding of the Triple Bottom Line, which provides for:

- A higher level of organizational accountability and transparency.
- A balanced approach to continuous improvement.
- A learning tool – for Cascade Engineering and other medium-sized companies.

As we publish our fourth Triple Bottom Line report, true sustainability has become a part of our culture. Our employees have become familiar with the tenets of TBL. As a result, we have experienced increased participation of our employees in finding and eliminating waste. This now goes beyond our production facilities and includes our offices, as well as our overall use of energy resources. Our TBL Report provides us with a guide and a reporting mechanism for all sustainability efforts throughout our organizations. Our goal is to be a leader in providing future innovations and growth, while strengthening

our TBL efforts and enhancing our brand. While this has certainly become a part of our culture, it really extends beyond that into the driving force toward future product development and business startups. Many of our new products being launched are environmentally friendly. In new incubator companies we have launched this year, two are specifically founded on the principles of sustainability.

Based on a review of our first three TBL Reports by industry pundits, we have tweaked this year's report by including more graphical information. Our goal is to make this report more actionable by our various stakeholders.

Since our last publication, Cascade Engineering has been recognized for the Neighborhood Environmental Partners (NEP) Gold Award. The NEP Gold Awards Program was developed by the DEQ to recognize facilities and their community partners who have worked together to improve the environment locally by implementing ongoing environmental projects.

In addition, our Industrial Solutions-Container Group received the Rising Star Award, for workplace safety and health excellence, from the Michigan Occupational Safety and Health Administration (MIOSHA).

The Michigan Voluntary Protection Programs (MVPP) Rising Star Award for outstanding safety and health programs is granted by MIOSHA, and recognizes worksites that provide exemplary safety and health protection for their workers.

Did you know that Cascade Engineering...

- reduced the amount of waste going to the landfill by over 60%.
- hosts an annual charity golf outing, with all proceeds donated to United Way.
- and Davenport University have an articulation agreement for advanced management and leadership classes taught at Cascade.
- enjoys a 97% retention rate amongst participants in the Welfare-to-Career program.

Letter from the Chairman & CEO

Cascade Engineering's long-standing commitment to sustainability is being manifest in more exciting ways than ever before. It is increasingly shaping the very structure of our business, and finding new expression in the work we do for our customers and how we work with our suppliers.



What began at our founding nearly 35 years ago as something that made good theoretical sense – adhering to business practices that increase ecological, social and financial capital – now thoroughly permeates every facet of our organization. And, as Cascade's ability to demonstrate innovative approaches to sustainability has grown, we have attracted new opportunities to help other organizations “get there” through performance improvement and innovation of their own.

During 2006, our work refining the relationship of sustainability to our business unfolded against a compelling backdrop. The mainstream business community is realizing it has the unique opportunity to make a real difference in the kind of world our grandchildren will inherit. Through a focus on high-profile, eco-friendly practices, business is broadening the traditional definition of what constitutes bottom-line results. While companies may have yet to fully grasp the impact they can have on building social capital, the rise of smart ecological thinking is a welcome development and is creating new markets and new forums for Cascade to share what it has learned along the way.

One of our most important learnings is that motivation counts; the corporate community's current focus on building ecological capital contains numerous examples of both “style” and “substance.” The fact is, having sustainability as a goal is key, but if the underlying motivation is to improve only financial performance, an organization is unlikely to achieve either sustainability or business growth. In our view, the real answer lies in a “both-and”: sustainability is both the right thing to do and good for business.

As we illustrate in our 2006 Triple Bottom Line report, Cascade is demonstrating how sustainability can be a powerful vehicle for societal change and have a clear business purpose as well. As we have continued to make sustainability the very centerpiece of our corporate strategy – aligning each of our multiple business units around explicit goals for improving all three capitals – we have been achieving tangible, sometimes even surprising, results on both fronts.

Our innovative Welfare-to-Career initiative has continued to provide welfare recipients a unique combination of on-the-job training, sustained support and real opportunity for advancement – focusing investment upstream, before things break down. As a result, the State of Michigan, Cascade's home state, has continued to realize savings of nearly \$1 million annually, while Cascade has cut absenteeism to half the U.S. average and achieved a 96% retention rate. With these measurable results in hand, we have been working to engage government and business leaders to promote broader adoption of this proven approach to workforce development. People are making a permanent move from welfare to economic self-sufficiency, and we can actually make real strides in breaking the seemingly unbreakable welfare cycle.

Yet another example illustrates that pursuing and communicating the fundamentals of sustainability can have an interesting additive effect: Cascade has been attracting partners who share our vision and appreciate the value we bring. During 2006, one such connection took shape in an unlikely place – the humanitarian arena. International Aid, a leading humani-

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Cascade Engineering embraces the impact positive social programs have on the business. It is not just a good thing to do, It is a good business thing to do.

Cascade Engineering recognizes the importance of social capital which is created when we engage with our community to find mutually beneficial solutions to common problems. This year has been no different. We have strived to find ways to continue to further engage and improve our impact on social capital. The Heart of West Michigan United Way: "WAY BETTER" campaign is a perfect example.

"Let's make our community WAY BETTER. Together, we're making a better difference. We are working to eliminate the causes of community problems so we can improve the quality of life for people in West Michigan."

This year, the United Way has worked to increase community impact through "focused impact" on early childhood development and literacy. By getting to the root cause of so many issues, the Heart of West Michigan United Way is positioned to make an even greater impact on improving the lives of those in our community. This new focus on early childhood development and literacy comes as an addition to the currently funded program areas: economic self-sufficiency, children (0-5), kids (6-18), adults & families, seniors, and basic needs.

The United Way's perspective is "the economic viability of our community hinges on a healthy, educated workforce." This belief fits perfectly with the Cascade Engineering goal of sustainability. As Cascade Engineering employees invest in the United Way, we are investing in our communities in which all our families live and grow. This provides a stronger community from which Cascade Engineering can thrive for years to come.

We are continuing to enhance our United Way Campaign with activities and fundraising opportunities for all employees, and even our suppliers. We will host the annual Cascade Engineering Charity Golf Outing, which is to be held at the Deer Run Golf Course. Employees and suppliers come together for a great day of golf, food, games and fun—all for a great cause! In the summer, we offer an activity for all shifts supporting literacy and early childhood development in our employees. By coordinating the

efforts of the United Way's new focused impact and the READ Program (Resources, Enrichment and Development) already in place at Cascade Engineering, we are able to educate Cascade Engineering employees on the importance of literacy with their own kids. In doing this, we can also educate employees of the importance of supporting the United Way in our community. Together we can make our communities "way better"- and feel good about working for a company that supports such a worthy cause.

Welfare-to-Career Program

Cascade Engineering's Welfare-to-Career program is nothing short of an incredible success. Since the program's inception in 1999, we have seen employees in our program move from dependence on Department of Human Services to economic self-sufficiency. The Cascade Engineering mission has been to support unemployed and underemployed individuals as they move from dependence to economic self-sufficiency. This has been very evident in our Pay for Contribution program, which was designed to encourage personal and organizational development of our employees.

Although the perceptions of many people are that welfare clients are lazy, uneducated and not willing to work, this has not been the case with our fifty clients currently working in our Pay for Contribution program. We have eighteen that are at Level A, twenty-five at Level B, five at Level C and one at Level D.

Peggy started at Cascade Engineering in August of 2004, and is now a Level B operator, and a single parent of her children. She describes her employment and support from Cascade Engineering and our Michigan Department of Human Services on-site specialist as being very positive. She feels that the diversity of Cascade Engineering's products provides her with a secure economic environment. Peggy continually expresses gratitude for the opportunity to work and a company that consistently excels where others have downsized or closed.

Her supervisor's support is one of encouragement and always willing to assist in meeting her



goals. Co-workers are also an important part of her success, with their willingness to help out. Peggy states that everyone truly functions as a team.

Peggy, speaks very highly of the support she receives from Joyce Gutierrez-Marsh, her on-site caseworker, and the trusting relationship the two have built. Peggy will not hesitate to bring a problem to Joyce because of the expectation for trust and confidence she has learned she can rely upon.

Peggy states, “Cascade Engineering combined with the support of DHS provides the hope, opportunities and tools to be successful.”

Work Ramp-up Orientation (WRO)

Cascade Engineering is committed to making new employees successful in their career path. This begins before the employees first day of employment. The WRO components are designed to support our purpose which is to help create success for our new employee by giving them the knowledge they need to be successful. This program has been key in helping us maintain a very high employee retention level.



Peggy Presseler

Photo by Rick Smith Rochester, Michigan.
Courtesy of the C.S. Mott Foundation

Environmental

Cascade Engineering recognizes the obligations and responsibilities we have to ensure that we conduct our operations in a manner that protects the earth's environment and conserves natural resources.

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

We are 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 minimizing 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 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.

The heart of Cascade Engineering's environmental progress is the Environmental Management System (EMS), which is accredited to ISO 14001 standards. The independently verified systems insure all significant environmental impacts associated



with the company's activities, products, and services are identified and managed. EMS program objectives are achieved through accurate monitoring and measurement, reporting, setting objectives and targets, and management review of significant environmental issues. Successful management of these environmental issues can have many benefits, such as:

- Helping to protect and enhance the environment in which we live and work.

- Protecting the resources that we rely on to do business.
- Reducing costs by managing consumption and minimizing wastage of resources such as fuel, water, and electricity.
- Reducing the likelihood of environmental incidents.
- Encouraging other companies to enter into sustainable management practices.
- Ensuring the long-term viability and sustainability of our company and industry.

Bi-annual external surveillance audits of our environmental management system in January and July of 2006 resulted in 0 major and 0 minor findings. These excellent results can be attributed to a hearty internal audit system that was enhanced in 2006 through the Cascade Business Operating System (BOS).

Fast Facts - Car Pooling

Three Cascade Engineering Employees decided to test car pooling. After one year they report:

- Each have saved 13,000 miles per year on their respective cars and almost 600 gallons of gas.
- Each have avoided 4-5 oil changes.
- In four years, each will have avoided replacing a set of tires.
- Each have developed new, closer friendships.





The Cascade Business Operating System (BOS)

The goal is to streamline our audit process and reduce waste. We created integration audits, called manufacturing production system audits, to continuously scan our systems for deficiencies. Root cause analysis for non-compliance findings are then cross checked throughout campus as an example of best practice sharing.

In 2006, Cascade Engineering expanded on the Three Goals; One Planet program. Our goal is to involve many people in our journey to becoming a sustainable company. Through our EMS we are able to create and manage several programs that involve a variety of disciplines and cross functional teams. We maintained Reduction to Landfill and Adopt-A-Highway, while adding Sustainable Purchasing, Greenhouse Gas Reduction, Increased Use of PCR/PIR, and Environmental Communication.

Activities and results for 2006 EMS Programs were:

- Reduction of Waste to Landfill: The Grand Rapids Campus set a goal of 10% reduction of waste to landfill. We have surpassed our goals over the last three years. “Dumpster Dives” contributed to the significant reduction and are now managed as quarterly projects through our Lean group.
- Adopt-A-Highway: Employees again participated in the Michigan Department of Transportation Adopt-A-Highway program Pick-ups were conducted in April and September of 2006.
- Environmental Education: Several activities were deployed throughout the company to assist in increasing employee knowledge regarding several important environmental topics.
- Increased Use of Post Consumer Recycled and Post Industrial Recycled Materials: Not only was PCR/PIR established as an environmental program through our Environmental Management System, but it also became an

indicator for our employee bonus program, called the Cost of Quality, Continuous Improvement Program. The target is set at increasing PCR/PIR usage 10% over the prior year.

- Sustainable Purchasing: The company has established a cross functional team to assist in developing a sustainable purchasing policy.



At Cascade Engineering, we believe our responsibility to our Stakeholders continues to evolve, as we focus on innovation and sustainability. We realize we must continue to have a positive impact in all we do – as an employer, customer, vendor, community advocate and environmental steward. We work and live in these communities so we have a vested economic impact: as a direct employer of nearly 700 men and women, through indirect employment to suppliers and contractors, as a purchaser of goods and services, and by paying taxes to local, state and federal governments. Cascade’s economic welfare is tied to how effective we are in managing the cost of our raw materials, as well as being diligent at reducing costs. We have steadily

increased our use of recycled plastics, as a replacement for virgin resins, thus having a positive impact on economic and environmental factors. Our resin compounding company, Noble Polymers, continues to develop environmentally friendly materials.

Cascade contributes to the economic well-being in the communities in which we live and work in many ways. In addition to our charitable contributions, our employees commit a substantial number of volunteer hours to a variety of local schools and not-for-profit agencies each year. We provide economic returns to our capital providers and shareholders. We provide indirect employment opportunities to our suppliers.

The Cascade Top Five

Suppliers:

Exxon Chemical
Noble Polymers
Soundtech
Chevron
American Autocoat

Customers:

Waste Management
International Transportation
General Motors
Cami Automotive
Freightliner

Employee Locations:

Michigan
Ohio
Hungary
Florida
California

Charitable Organizations:

United Way
Metro Hospital
The Right Place
St. Mary’s
American Heart Association

Scorecard

	2002	2003	2004	2005	2006
Economic					
Taxes Paid (in millions)	\$5.50	\$6.20	\$4.80	\$6.50	\$7.63
Social					
Contributions	\$232,000	\$208,000	\$215,000	\$258,000	\$228,781
Welfare-to-Career Retention (monthly)	96.20%	97.50%	97.80%	96.20%	97.00%
Average Hours of Training per Employee	36	25	26	15	13.1
Diversity/Human Rights Training (in hours)	2,521	1,936	2,548	2,190	678
Employee Volunteer Hours ¹	-	-	-	1,807	1,060
Environmental and Safety					
Incident Rate	13.6	7.6	5.7	5.7	3.2
Lost/Restricted Workday Rate	7.1	4.2	2.5	2.6	1.2
Citations/Fines	0/\$0	0/\$0	2/\$500	0/\$0	0/\$0
Water Consumption (cubic feet in millions)	1.9	2.6	2.5	2.4	2.0
Sales Dollars per Kilowatt Hours	-	\$2.98	\$3.26	\$3.26	\$3.37
Impact of Spills on Environment	0	0	0	0	0
Greenhouse Gas Emissions (metric tons of carbon dioxide equivalent in thousands)	-	-	-	57.4	50.3
Landfill Reduction	-	-	38%	38%	40%
Use of Post-Consumer and Industrial Recycled Material (pounds in millions)	6	7.5	9.3	7.9	7.6

“ The internal ripple effect from our sustainability commitment has been particularly intriguing” - Fred Keller



Letter from the Chairman & CEO - continued from page 3

tarian healthcare organization, approached Cascade with a plan for a first-of-its-kind plastic water filter for the developing world, where more than 10 million people die annually from unsafe drinking water. Why Cascade? For our plastics expertise, to be sure, but also because IA knew of our commitment to go beyond traditional bottom-line thinking, and that our sustainability focus has led to innovation in the way we approach business, society and the environment.

The result of our collaboration was the lightweight “BioSand Water Filter,” one of the most promising developments in the history of safe water initiatives.

In addition to attracting new partnerships, our focus on sustainability has continued to spur new product and service development, diversifying our business. For example, Cascade positioned itself during 2006 to enter the renewable energy product arena.

By drawing on the innovation that drives our sustainability initiatives across the board, and by engaging a number of new partners, we have made significant progress toward our goal of expanding our environmental responsibility

As Cascade continues to work toward the goal of becoming a sustainable company, we have not overlooked the original underpinnings of our business: our core values, and our commitment to innovation and operational excellence. At

the same time, we have embraced sustainability as an objective and a vehicle, capable of continually moving

Cascade Engineering Distribution of Charitable Giving

Arts	(15%)
Business Development	(23%)
Community Relations	(6%)
Education	(15%)
Human Services/Social	(30%)
Health	(11%)

offering. We have also finalized plans for the launch of a new consulting unit dedicated to helping companies develop customized strategies for becoming sustainable enterprises. Both of these recent initiatives are examples of the kinds of drivers that will help Cascade achieve its goal of increasing sales from sustainable products and services within the next decade.

us into interesting, strategic directions. As a result, we are able to serve our customers in an array of new ways, and with a unique intensity and sense of purpose that is making a real difference in the world.



The Reentry Employment Resource Center evolved from the Reentry Roundtable of Kent County, which is a collaboration of more than 50 human services, corrections, business, and faith-based organizations committed to successful reentry of previously incarcerated individuals.

Reentry Employment Resource Center (RERC)

The RERC was formed in 2004, as an IRS recognized charitable organization, after its evolution from the Delta Strategy Ex-offender Dialogue/Action Group, which was convened at the request of Cascade Engineering.

RERC coordinates business, nonprofit and government organizations to promote self-sufficiency of the reentering person. It also supports local citizens and their business interests, while creating safer neighborhoods, and reduces recidivism and crime.

The mission is to appoint a single point of contact and coordination for ex-offenders and community partners.

The biggest problem-facing ex-offender is that 58% of those returning to prisons were unemployed, because they are unable to find employers that were willing to give them an opportunity. The major concerns are many employers do not have an EEO policy for hiring ex-offenders, and when they hear the word felony, they close the door to a social responsibility of assisting in changing a persons life.

Charitable Giving FY 2006

Purpose: 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.

This is a diverse fund which comes out of the budget for the Office of the CEO. Contributions support fundraisers and the operational activities of charitable and non-profit organizations. The focus is broad, but stays within the general theme of improving the Grand Rapids community.

Charitable Giving which was granted in 2006 totaled \$132,000.

United Way giving, including employee and Cascade match totaled \$159,620.71

Cascade Engineering Contributions Committee (2006 Budget \$15,000)

This committee of Cascade Engineering employees, makes smaller contributions in the areas of health, education, and human services. The focus is largely on children and youth, but the committee supports several other programs that positively impact the community.

DAVENPORT UNIVERSITY CERTIFICATE Program

Cascade Engineering and Davenport University entered into an articulation agreement in May of 2001. The goal of this program has been to assist employees in continuous learning, while making the plan affordable for the employee. The articulation agreement provides that Cascade Engineering employees are eligible to receive the transfer equivalency of Management 211 (Management Foundations) and Management 400

(Leadership Development) from Davenport University. To do so, CE employees must have successfully completed a certain number of pay-for-contribution (PFC) classes including the Effective Leadership Seminar for Level C and have satisfactory participation in all classes and completion of a written paper and oral presentations during the seminar. Cascade Engineering employees receive college course credit if their work in this seminar meets the rigorous equivalent of college-level learning.

Working on Wellness (WOW™)

The WOW™ program has become a key element of not only health and wellness, but as a component of our business strategy. Reduced illness and absenteeism, as well as better health, flow directly to the bottom line through increased morale, productivity, quality and customer satisfaction.

It has become increasingly important to develop strategies and programming to connect the dots between individual health behavior, health and wellness programming. WOW team goals continue to provide education, resources, events and access to health services and facilities for employees and their families.

Safety Culture

At Cascade Engineering we take safety seriously, but that does not mean we cannot have fun. We feel the point of a safe culture is to engage employees. Employee buy-in and participation are the reflection of a company that has shown values rooted in a safe working environment. The unwritten safety motto around the company is “All employees have the right to go home safely at the end of the day.”

“ Health, safety, and environmental concerns are on the same priority level with quality, productivity, and profit. No job is so important and no order so urgent that we cannot take time to work safely!”

As Fred Keller states, “ Health, safety, and environmental concerns are on the same priority level with quality, productivity, and profit. No job is so important and no order so urgent that we cannot take time to work safely!”

Employee buy-in of our safety program was recognized in 2006. We were designated a Rising Star in the State of Michigan Voluntary Protection Program (MVPP). MIOSHA recognizes a MVPP establishment as one that is a “high achiever with occupational safety and health as a core value and has an outstanding safety and health management system.” This is demonstrated by having incident and lost workday rates below the industry standard, as well as an implemented safety and health management system. We exhibited the following in our safety and health system:

- Management Commitment to safety and health as evidenced by resource allocation, accountability, and visibility.
- Employee Involvement through joint problem solving, participation on committees, and input into policies and procedures.
- Worksite Analysis to

ensure potential safety and health hazards are identified and tracked.

- Hazard Prevention and Control through engineering controls, administrative controls, safe work practices, and personal protective equipment.
- Safety and health training to ensure that all employees understand the potential hazards to which they may be exposed and how to prevent harm to themselves and others.

An administrative review of Cascade’s application, as well as a rigorous five day audit, showed Cascade is an exemplary employer in the area of

employee health and safety. This designation was given to the Cascade Industrial Solutions Container plant. In 2007 the plant will file for MVPP Star designation, as will other Cascade Grand Rapids campus facilities.

A key ingredient in achieving MVPP status is employee buy-in and involvement. Through interactive activities like peer to peer training, we have gotten our fellow employees attention. In addition we have encouraged participation in safety teams, performed plant audits and have made certain the reporting of our team progress occurs during monthly shift meetings.

The Recipients of the 2006 President’s Award for Safety

The last seven years have shown a dramatic decrease in the number of recordable incidences on our Grand Rapids campus. This can be directly attributed to all employees working safety and taking an active part in creating a safe work environment. Cascade recognized the following employees to receive the award for their plant:

Brian Morrison
• 33rd Street
Mike Porraz
• Container
Carol Johnson
• Noble Polymers

Rhonda Jourden
• North
Sharlene Babb
• West/South



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