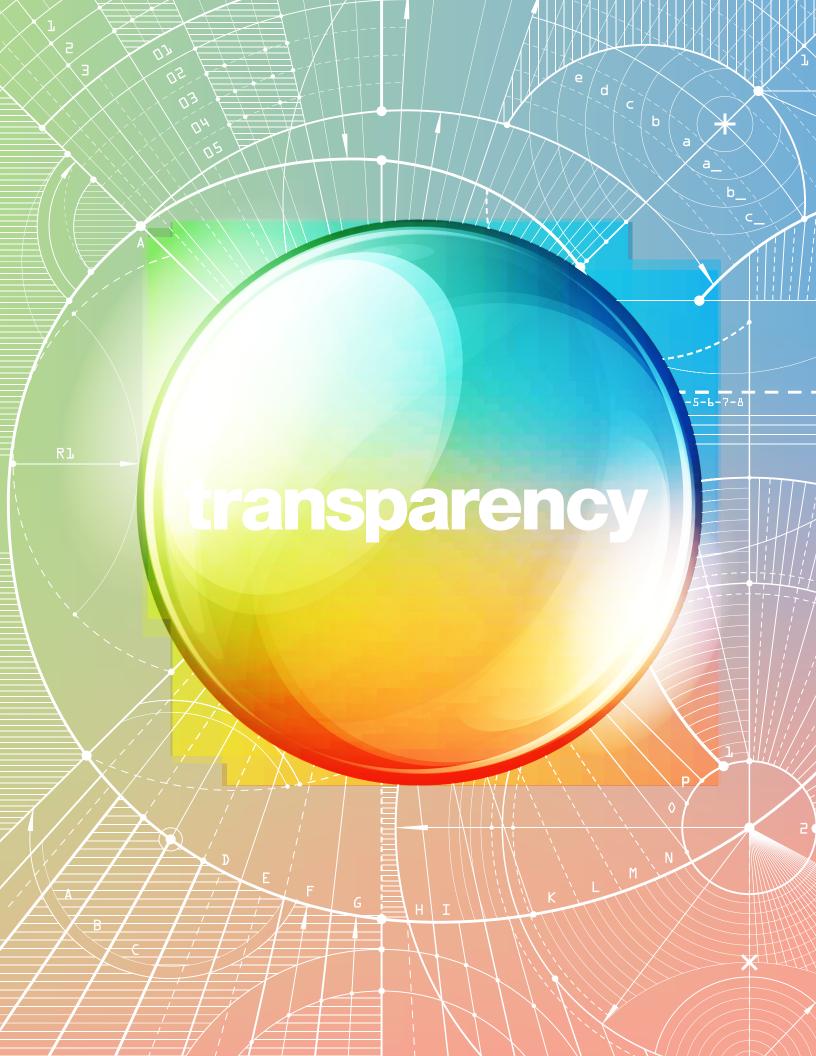


Cascade Engineering
Triple Bottom Line Report

2016





people, planet, profit:at a glimpse.

Our 2016 TBL Report is intended to provide a transparent update on how we're progressing and a glimpse into what our culture is all about. It centers on People, Planet, and Profit—the areas by which we pursue a better world and prosperity for every individual.

More than an annual report, TBL is a reflection of goals that we're working toward and stories that accurately portray the difference we're striving to make. It goes beyond numbers and metrics—it's a summary of our core values, diverse perspectives, and biggest accomplishments in 2016.

At Cascade Engineering, we're on a journey to make business better and believe transparency is one of the most important steps we can take. This report is one of many ways we're remaining honest and accessible—for the benefit of our employees, community, and global customer base.



With a unified voice, we're proud to present our 12th Annual TBL Report, the theme of which is transparency.

Transparency has come to mean many things in the business world. For us, transparency is something we aspire to achieve by nurturing a culture that allows everyone to be open and honest with each other. We believe that transparently sharing our unvarnished failures and flaws helps us build trust.

When we trust each other we become supportive and non-judgmental which further enables even greater transparency. We are far from perfect in this area, but that fuels our commitment. As we practice transparency, the primary aspects are disclosure, clarity,

accuracy, and learning. For disclosure, we state our goals, communicate up-front, and invite honest feedback. For clarity, we aim to communicate in a clear, straightforward manner. For accuracy, we reject bending or twisting facts to our benefit, but pursue and own the truth. Lastly, learning which happens naturally when disclosure, clarity, and accuracy are actively practiced.

When we say "transparency," we don't mean on a case-by-case basis. We mean an idea that permeates our entire culture—the way our founder, Fred Keller, envisioned in 1973. Emboldened by this idea, we strive to



be transparent everywhere, from our CES journey, to our Mission Centers, and the performance metrics you'll see later in this report.

Being transparent is not always easy, or comfortable, but we're convinced it's always the right thing to do.

Through open and honest communication, our employees, customers, and suppliers know they can trust each other, and by trusting each other, we can realize the impact of our Triple Bottom Line philosophy. Fred P. Keller

Founder & Chair

Fred P. Killer

Mark Miller President & CEO

Kenyatta Brame

Executive Vice President & Chief Administrative Officer



embracing one another for who we truly are.

How does transparency manifest in our people? It starts with the realization that nobody's perfect—from our leaders to our manufacturing team members.

We all have strengths, weaknesses, and areas to improve. We have unique stories, mistakes made, and lessons learned. We embrace people as they truly are, and believe our company is stronger because of it.

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Paula & Noah

Wearing and Walking for a Cause.

We're continually energized by our employee family—by their passion, tenacity, and heart for giving back. It's inspiring to see how much they do for our company, and even more so by what they do for the community. When embracing a cause, they pursue it full force, like in the case of Noah and Paula.

When Noah McGhee, Manufacturing Manager at Buursma Plant, was selected as one of 13 West Michigan community leaders to participate in the American Cancer Society's Real Men Wear Pink fundraising campaign, he set a goal to raise \$2,500.

Around the same time, Paula Yonkers, Manufacturing Engineer at Buursma Plant, organized a team for the Making Strides Against Breast Cancer walk. Like Noah, Paula also set a \$2,500 fundraising goal. Co-workers, friends, and family were invited to purchase and wear pink merchandise for Noah's campaign, walk with "Paula's Pink Cart Partners," or simply make a donation. For added incentive, Noah and Paula agreed to a friendly wager. When all was said and done, whoever raised more money would get to put a pink pie in the other's face.

Together, Noah and Paula's goals amounted to a sizable donation, one that would support individuals battling breast cancer in profound ways. However, our employees have a reputation for exceeding expectations, so it wasn't a surprise what happened next.

When the American Cancer Society's October campaigns came to a close, Noah and Paula came out on top. The campus' Real Men Wear Pink fundraiser catapulted Noah into first place in West Michigan and top ten within the state. Meanwhile, Paula's team took third place among fundraisers for Making Strides of Grand Rapids. The combined total between Noah and Paula was \$13,602, far exceeding the original \$5,000 goal.

It's one thing to talk about the value of community service. It's another when employees take initiative and co-workers rally around the effort. For Paula's walking campaign, our employee family stepped up. For Noah's pink campaign, they showed their true colors. For the American Cancer Society, they made a difference that will be felt by many.





Natural Work Teams

Our home-grown process for working as one.

It's an uncomfortable idea: allowing people to self-manage and complete tasks without direct supervision. Giving employees greater autonomy seems ideal, but it's fair to wonder how an unsupervised team could be efficient, or effective, or reach their full potential—but that's exactly what our Natural Work Teams (NWT) have achieved.

The term "Natural Work Teams" was coined by one of our plant managers, Troy Andrews. They're often called "Self-Managed Work Teams" or "Self-Directed Work Teams" by other organizations, but Troy felt working together toward a common goal should be a natural process—hence our name.

In 2011, when NWT was initiated at our 33rd street plant, it's fair to say the process was still getting figured out. There were hiccups at the start. The training required was more challenging than originally thought. However, over time, NWT has evolved into one of the most successful organizational development efforts at Cascade Engineering in the last 15 years.

The most tangible points of success have been:

- Higher Overall Equipment Effectiveness (OEE) numbers
- No Front Line Leaders required
- Attaining and maintaining of both Green and Bronze Cell Certifications
- Exemplary safety record
- Improved Employee Opinion Survey results

Additional benefits, while less tangible, have been significant in the effort to become an employer of choice. Members of the NWT:

- Make quicker team-based decisions to meet production requirements
- Self-schedule their press rotation
- Self-schedule vacations
- Find their own backup for training classes
- Arrange for overtime coverage when required

An Inc.com article written by Chuck Blateman describes the value of Natural Work Teams well. "The magic isn't in the concept, but in the principle behind it--ownership stemming from the power to make decisions," he writes. "When people are encouraged to bring the whole, creative, messy person to work, and make important decisions, they take ownership in ways they never would before. That's important, because ownership is the most powerful motivator in business. A business that motivates everyone to take ownership has found the holy grail."

Ownership. That's the key word. Ownership is what unlocks potential that might go unrealized. It's what drives people to collaborate, manage conflict, and find greater satisfaction in their job. It's why Natural Work Teams have been such a resounding success.





Ronnie Segarra:

Ronnie's title is "Route Manager," but we also know him as "Expert Navigator," "Fitness Enthusiast," and "Gardening Guru."

Ronnie has worked with IWS for 15 years, but his journey began long before 2002. Born in Puerto Rico as an American citizen, Ronnie came to the United States and enlisted in the U.S. Army when he was 18 years old. During his two tours of duty, he acquired many of the skills he utilizes today as a route manager for IWS' Florida operations.

In the Army, Ronnie was a land navigation specialist and gained valuable skills in map reading and coordinates. When used correctly, a map can give you accurate distances, locations and heights, best routes, key terrain features, and proper deployment of resources. This skill has found good use as Ronnie determines the best routes and territories for our porters and growing fleet of IWS vehicles.

In addition to his land navigation skills, Ronnie was a nuclear weapons specialist with top security clearance. His mechanical skills enabled him to assemble 8" and 155mm rounds armed with nuclear warheads. This mechanical aptitude has made Ronnie our "go-to" guy at IWS. Ronnie is also bi-lingual—fluent in Spanish and English—and frequently serves as a translator for IWS employees, customers, and business partners.

With his unrivaled skill set, Ronnie has become an invaluable part of the IWS organization He has been involved in every aspect of operations—maintenance of our facilities and vehicle fleet, inventory, property installations of our benches, fabrication of our pick-up carts (he attained his welding certificate), bench assembly, and route management.



As he states, "I really enjoy what I do and am very proud of the work we do for our customers."

Ronnie has one daughter, Sabrina (33) who lives in Germany with his two granddaughters, Tamia Destiny and Malia Avery. He and his wife Maribel have three children; Joshua (17), Mathew (11) and Kyara (10). Ronnie is quick to tell you, "My family is everything to me." He credits his wife Maribel for his strong Christian faith and explains, "I saw God in her. She has taught me to be humble and respectful of everyone, and the rules which I live by."

Ronnie and Maribel are avid gardeners and their rural property—"my escape" as Ronnie affectionately describes it—has trees and

plants that supply the family with apples, lemons, oranges, mangos, avocados, pineapples, pomegranates, guava, and passion fruit

Eating healthy and proper nutrition is very important to the Segarra family as well as staying physically fit through jogging, walking, and Pilates. When asked about his favorite thing to do Ronnie didn't hesitate, "We take the family to a nice hotel and spend the weekend at the beach."

Ronnie's humility is admirable and we are very fortunate and honored to have him on the IWS team. We want to publically thank him for his dedication and persistent exemplification of our TBL philosophy.



Young Professionals of Color Conference

What do you get when you combine aspiring young leaders, the West Michigan business community, the invaluable sharing of knowledge, and a charismatic member of the Blackfoot Nation? An amazing opportunity for young and diverse professionals.

The Young Professionals of Color Conference (YPCC) creates a space for young professionals of color to gather and engage with peers and leaders in the Grand Rapids community. On Thursday, June 30, we hosted our fifth annual conference for a sell-out crowd. More than 160 young professionals attended the all-day event at Steelcase University Learning Center. The theme for 2016 was "Your Leadership Narrative: Leveraging Your Story." Exhibited in the keynote message and several breakout sessions, the conference focused on how young professionals of color can identify, express, and leverage their personal and professional story for individual and institutional success.

It was our honor to host our keynote speaker, Gyasi Ross—a Blackfoot storyteller, lawyer, activist, and author. He spoke about his experiences as a Native American and his work to mentor and give voice to the stories of the people in his community. With the belief that our stories are the most valuable

thing we have, Gyasi shared how to leverage one's story to create success and inspire institutional change.

Beyond the keynote, young professionals took a deeper dive into the conference theme by engaging in small break-out sessions focused around understanding and leveraging their stories. Session topics included: Crafting Your Story, Building Your Social Capital, The Art of Negotiation, Volunteering and Networking with Purpose, and Managing Up.

The first YPCC was held in 2012 with 25 attendees at the Varnum Law offices. It's grown year after year, with around 75% new attendees at each event. Kenyatta Brame, our executive vice president, commented on the growth of the conference. "Five years ago, when we organized the first YPCC conference with BL²END (Business Leaders Linked to Encourage New Directions), we never anticipated the growth and enthusiasm this event would generate with young professionals throughout West Michigan," he said.

We believe diversity and inclusion are vital for developing a thriving business community. YPCC is a small part of making that happen for West Michigan.









Automotive Americas

Driving sustainable business forward through values and performance.

Year after year, Automotive Americas proves how business can build financial, social, and environmental capital in the world. In 2016, one of the world's most renowned brands took notice. In celebration of corporate citizenship, Honda recognizes one company with an award at its annual Supplier Conference. The award is given to only one of Honda's 600 North American suppliers.

In 2016, Cascade Engineering was chosen as the sole recipient—largely due to programs like Welfare to Career, Anti-Racism, and Returning Citizens, along with our environmental commitments.

The award is presented each year to a supplier that shows an "exceptional commitment to social responsibility and leadership in the areas of health, safety, diversity, community involvement, ethics and compliance, human rights, and the environment."

Being that these values are so integral to Cascade Engineering's mission, it was with great honor and excitement we accepted the award.

Additionally, Cascade Engineering became one of only 36 suppliers to receive Honda's Excellence in Quality Award this year. Like the corporate citizenship award, honorees are selected from Honda's suppliers who demonstrate "better than average" performance. Mark Miller, our president and CEO, commented by saying receiving the Excellence in Quality Award is a, "true testament" to Cascade Engineering's team and their, "dedication to superior quality."

Demonstrating steady growth and pursuing a high level of efficiency have remained priorities of Automotive Americas.





strategically pursuing things that really matter.

2016 marked another profitable year. Aligned with our mission, we've managed to grow our business units while not compromising our environmental and advocacy efforts. Often in business, a profit is made at the expense of people or the planet.

We're proud to prove the status quo wrong by strategically pursuing the things that really matter—today and for generations to come.

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Noble Polymers

Creating postive chemistry with a foundation in customer service.

In FY2016, many of our business units experienced outstanding growth, while others simply stayed the course, taking small-yet-intentional steps with big goals ahead. This was the case for Noble Polymers.

Noble Polymers continues to implement a focused strategy that targets growth in current product lines. At the same time, the team has plans to commercialize new, adjacent products lines—including a filled EVA material for thermoformed barrier applications. As expected, introducing new product lines has been a slow process, but there are promising targets currently being pursued.

In relation to the Cascade Enterprise System (CES) journey, Noble Polymers made a dramatic stride in FY2016 by achieving Green Flow Cell Certification.

Noble began implementing CES a few years behind other business units, so it's encouraging to measure the progress they've already made. With focused goals to reduce waste, Noble is doing their part to close the gap between where we started and where we want to be.

With the goal of constant improvement, Noble continues to work on alternative materials and evaluations alongside renowned universities and independent companies. Currently, this work is largely focused on assessing the viability of newly developed materials targeted at sustainability—including natural fibers and the reuse of mineral waste streams as filler. It's all part of Noble's commitment to remain the leader in the development and production of compounded thermoplastic solutions.





Cascade Cart Solutions

Setting standards. Breaking records. Thriving through adversity. That's the kind of year it was for Cascade Engineering's solid waste and recycling business unit, Cascade Cart Solutions (CCS).

Catalyzed by Cascade Enterprise System (LEAN) initiatives, FY16 brought with it robust investment into the assets of the Buursma Plant. Added manufacturing muscle made for record-breaking accomplishments, including the production and sale of the 26-millionth residential roll-out cart and a weekly production record set in July of 2016, which has since been surpassed. Records were also set in the ADR - Service Group responsible for assembly, delivery and recovery of carts.

Additionally, CCS continued to service long-standing customer partnerships while growing the business through new customer acquisitions including some key Municipalities.

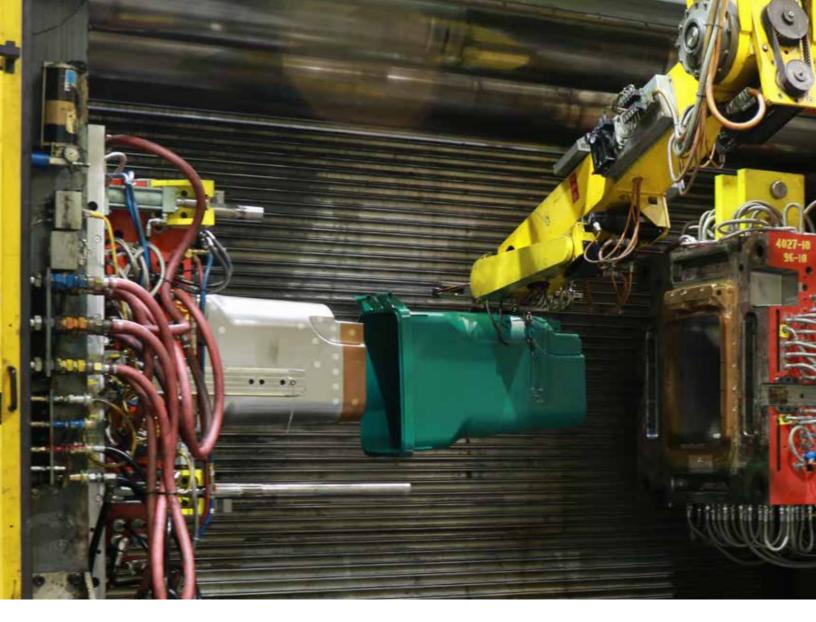
In FY16, two large projects illustrated CCS' capabilities of on time production and sequenced roll out to the customer;

Saint Paul, MN turned to CCS to implement a citywide, automated, recycling collection program.

Challenges: Customer required a winter roll-out which posed significant challenges from extreme weather conditions, with snow, ice storms, and bitterly cold weather reaching as low as negative 25 degrees.

Outcome: The Saint Paul project was a true case study in teamwork. In all, 92,000 carts were delivered thanks to the amazing work of CCS's ADR team. Despite the significant challenges the program was implemented on time, avoiding costly delays and the customer was very pleased.

Manatee County, FL sought to implement a countywide, automated, recycling collection program.



Challenges: Waste Management and Waste Pro, competitors, but both valued CCS customers, were co-awarded the collection contract in the County. The CCS Sales team was able to play a key role in working with both customers and assisting them with a flawless distribution launch, within the desired time frame.

Outcome: In total 104,800, 64-Gallon carts were delivered and 25,000 used 18 gallon bins picked up. CCS utilized our proprietary asset management software CartLogic, providing minute to minute assembly and delivery information live from the streets keeping our multiple stakeholders informed and happy.

Powerful reminders that Cascade's philosophy of continuous improvement, is alive and well!

In the end, CCS' wins, growth, and accomplishments only tell one part of the story. The other is told behind the scenes by the daily realities of all the people running a large tonnage plastics manufacturing company. For record sales to happen every CCS employee has to be fully engaged, be aligned towards the same goals, quickly implement LEAN initiatives and follow our processes. It's a true testament to each team member's dedication and tenacity!



Automotive Europe

Staying committed and thriving through complexity.

The automotive industry is complex. The landscape is broad and always changing. Even so, a commitment to consistency, reliability, and industry leadership has kept Cascade Engineering Automotive Europe (CEE) moving forward with great speed.

Thanks to a culture of innovation, CEE continues to push boundaries and expand its reputation worldwide. During FY2016, CEE became a major player on the fluid connector commodity on the European market, with deliveries totaling over 20 million, one million of which were sent to Mexico.

This was achieved without compromising a high level of quality and efficiency provided to brands including BMW, VW, and Fiat.

In recognition of their FY2016 results, Cascade Engineering Automotive Europe was awarded the 2016 Keller Cup. Annually, this award is given to one of our nine business units, recognizing standout sales and profitability results.

Despite uncertain markets and aggressive competition, CEE continues to innovate and thrive without losing sight of our TBL principles.





CK Technologies

Reshaping the way we work.

Until October 4, 2016, Volvo had never invited a supplier in for anything other than quality issues. That changed the day CK Technologies was invited to the Volvo Truck Supplier Quality Management meeting held in Sweden. Impressed by CKT's 100 percent ontime delivery for their P6605/P7605 programs, Volvo's intent was to get a glimpse into how Cascade Engineering operates and strategies for how programs are successfully launched.

Beyond the presentation, the meeting provided a chance for open dialogue—to discuss challenges and methods for creating a stronger partnership. "They are genuinely excited by the prospect of doing something different and unique," a representative from Volvo said. "This is an opportunity to start

reshaping how we at Volvo view the supplier customer relationship."

FY2016 brought another first for CKT—the upfront utilization of CES and 3Ps. Performing 3Ps brings departments together to discuss ideas, identify potential issues, solve problems early, and improve production before it even begins.

When planning for FY16, CKT's biggest challenges were identified as new program launches. Three of four major customers were preparing to refresh their products. This impacted all production facilities and every facet of production. "I was looking for a bridge between the teams working towards program launches," said Jan Kline, Director



of Quality and Lean Systems. That's when the CES 3P process was adapted to work for the application. Originally, it was thought there would be only two types of events—molding and assembly. This quickly expanded to include equipment, paint, and packaging. Despite the mountain of work and obstacles for implementation, the process started and has proceeded as hoped.

For the measurable success of 3P, major credit goes to Jan Kline who generated the idea and worked with Brad Geiser and the CES team to create the original training decks. The effort has already become a case study in preparation, innovation, and the results that come when people work together.

Numbers worth Noting:

- In FY2016 over 54 events were focused on 3P readiness. 3P events addressed ergonomics, quality and OEE challenges.
- 24% identified and eliminated potential mislabel issues.
- 90% created layouts for improved product flow.
- 91% adjusted resources for right sized capacity.
- 97% develop flow cells and equipment built for quick change over.
- 100% of the ergonomics assessments addressed all issues to meet our target scores.



Decade Products

Positive evolution into the future, built upon a legacy of excellence.

Decade Products produces plastic bins and pallets primarily for the industrial, agricultural, and food processing industries. In FY16, several investments and introductions were made.

In FY15, we made substantial investments with the acquisition and improvement of the previously leased Sysco Court facility in Grand Rapids, MI. That year, a mold for our newest ACE bin was announced, and in FY16, it was officially introduced. The bin is lighter, has fewer components, and more efficient cycle time.

Another marque moment of 2016 was a different kind of introduction—that of Decade's new President, Nisim Emesh. Brought over after much success as the former C.E.O of Dolav® our 50/50 joint partner in Israel, Nisim brings with him a leadership mentality and belief that aligns seamlessly with our TBL

philosophy. Nisim will replace Ralph Harris who is retiring after 13 years at Decade. Ralph and Nisim worked together at Dolav from 1998 – 2003.

Ralph was an exemplary leader and as Nisim remarked, "I am honored to be offered this opportunity to succeed Ralph as President of Decade and look forward to leading Decade to continued success. Ralph is an extraordinary human being and together we have spent many years learning and growing this business together."

We also added the capability to customize our bins and offer them in a variety of colors, shapes and sizes with multiple features. This portion of our business is growing very rapidly and we have invested in robotics and automation equipment that will meet ever increasing customer demand.





Cascade Technology & Services Group

Diversifying beyond manufacturing through natural extensions.

In fiscal 2017, we announced the formation of a new initiative called Cascade Technology & Services (CTS) to diversify our capabilities beyond manufacturing. CTS is a realignment of current businesses within the organization focused on services and technology into one group. The group is comprised of IWS (Invisible Waste Services), Xtreme RFID, and Service Centers / Technology from CCS (Cascade Cart Solutions).

We have positioned CTS as a "scale-up" and relocated the group to 40 Pearl Street in the downtown Grand Rapids' "start-up neighborhood."

The intent is to apply and expand our tech offerings, as well as services we have previously offered to the environmental sector. We believe there is an opportunity to capture value through an expanded portfolio of technology and services.

The formulation of CTS is meant to capitalize on the mega trend that has come to be known as the Internet of Things (IoT). The Internet of Things extends internet connectivity beyond traditional devices like desktop and laptop computers, smartphones and tablets to a diverse range of devices and everyday things that utilize embedded technology to communicate and interact with the external environment, all via the Internet.

CTS is being led by Samia Brown, Chief Strategy & Technology Officer. Mike Miller leads the Services Group (IWS and Service Centers), Eric Hass leads the Technology Group (Xtreme RFID and Technology) and Jameson Goorman is the Senior Financial Analyst.









Cascade Enterprise System

Focusing on growth and continuous improvement through immersion.

The Cascade Enterprise System (CES) is our company-wide strategy for growth and continuous improvement. Based on lean manufacturing principles and the elimination of waste throughout the whole organization, we're accomplishing goals that at one time seemed out of reach. The first several years were about implementing the program. 2016 was about how CES principles became an integral part of employee development.

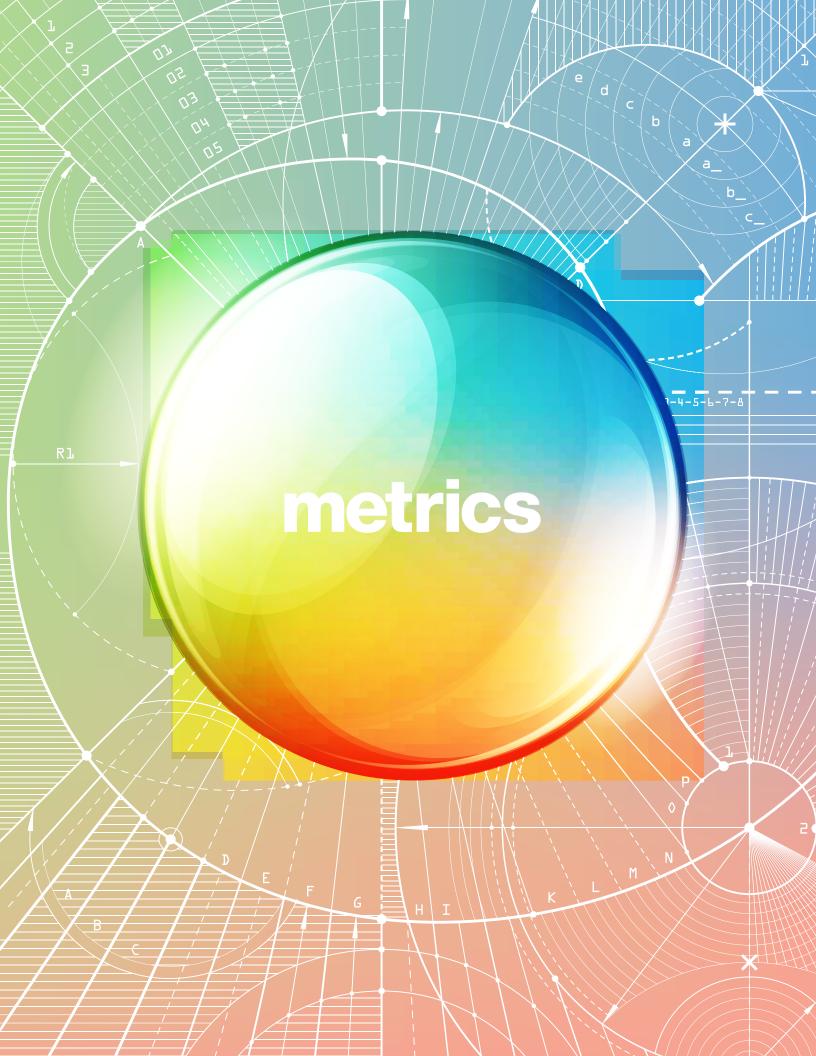
Five years ago, we determined a major step in the CES journey would be formalizing the methodology within roles and responsibilities. In FY16, that's the step we took. We began our rotational leadership development program with operations leadership. In May, Jeff Miles joined CES in a rotational development role. As part of the required development over the next several years, we will be doing a rotational assignment with all manufacturing managers as well as front line leaders.

What's the intent? In short, to bring leaders from across the organization into the department for an immersive learning experience. By doing this, we aim to deepen lean skill sets, develop lean thinking, and provide hands-on experience with continuous improvement systems and tools.

In FY16, CES systems and methodologies were also implemented in the way we manage our shop floor. This started by revising the formal job descriptions for manufacturing managers and front line leaders. The descriptions now include key CES systems as the required method for managing day-to-day work and developing long-term operational strategy.

It has been encouraging over the years to see CES come to life. It's even more encouraging to see personal responsibility emerge and employees empowered to help reach our ultimate goal.







Annual TBL Scorecard: measuring what matters.

Our 2016 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 FOC Sales all metrics represent measureables only within Cascade Engineering's Grand Rapids campus.

PEOPLE

- Safety is our number one priority. We are proud to report that we come in below the national average of 4.4% and strive to decrease this rate year over year.
- 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.
- We believe that business has the opportunity to make a positive impact on society. We are proud to contribute to our community.

PLANET

- We use this metric to measure our environmental footprint. We work at decreasing this number year over year.
- We strive to increase our use of post-consumer and post-industrial recycled resin in the manufacturing of our products.
- At Cascade Engineering, we take trash seriously. We have spent \$0 on landfill costs over the last six years.

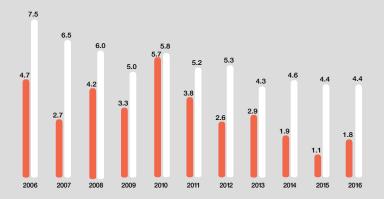
PROFIT

- In fiscal year 2016 for every kWh of energy we used, we made \$3.40 per hour in sales dollars.
- This graph represents our fiscal year sales for the entire Cascade Engineering Family of Companies over the past 10 years.

Incident Rates

Cascade Engineering compared to National Average

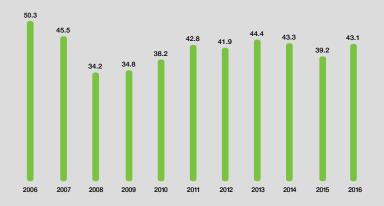




CO₂ Emissions

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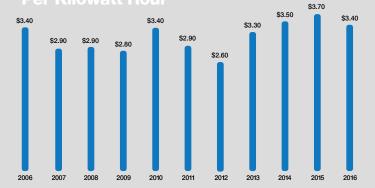
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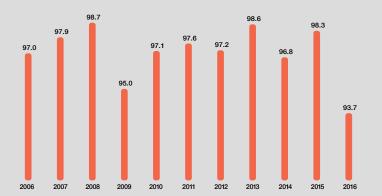
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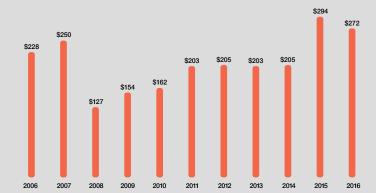




Welfare-to-Career

Social Contributions

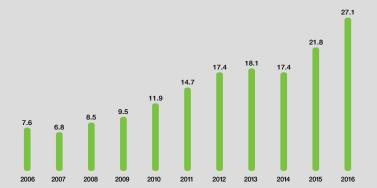




PIR/PCR Usage

Landfill Cost 5

6





Sales Dollars

