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Cascade Engineering

Triple Bottom Line
2013 Report



FIND SOMETHING

GOOD

AND MAKE IT GOOD

BUSINESS





Opening Letter

The idea of finding something good to do and making it good business sounds simplistic, and in some business circles it could be considered naive. At Cascade Engineering (CE) this is a tenant that drives us to seek meaningful purpose within the markets in which we compete. Finding something good to do is not merely a cliché or catchphrase that sounds nice; it is a driving force behind all that we do. We believe that business can have a profound and positive impact socially, environmentally and financially.

We believe business has an opportunity to do good things beyond mere profitability that extends to our employees, our customers and our community. Business has a responsibility to not only create jobs, but create meaningful careers. Business has a responsibility to deliver true value to their customers. Business

has a responsibility to be engaged with the communities in which they operate. Business has a responsibility beyond financial returns to nurture our environment and protect our natural resources.

This is our ninth annual TBL report and continues our tradition of sharing our stories and performance socially, environmentally and financially. By sharing our stories and measuring our performance in these three areas, we hope to provide transparency and an honest assessment of our progress.

2013 was a milestone year for us. We celebrated our 40th anniversary while reflecting on the many changes that have taken place not only at Cascade Engineering but around the world in which we live. The advancements in science and technology have had and will

continue to have a profound impact on how business is conducted. There is no place for the outdated term “business as usual”. Consumers now have an opportunity to not only research the products and services they seek but also the companies they purchase from. Businesses can no longer rely on “trust us” when consumers are demanding “show me”.

Our intent through this TBL report is to show you what we deem important. To share with you not only our successes but also the challenges our organization is facing. Only through true and honest reflection can we continually get better and grow as an organization.

So it starts with finding something good to do but that’s only the beginning and some might say “that’s the easy part” and I wouldn’t disagree. Once identified as “good to do”, translating this into “good business” gets increasingly difficult. To make it good business requires identifying and satisfying a customer need and then supplying them with exactly what they want. We call this innovation.

We believe that innovation at Cascade Engineering is not rooted in one area or one group within the company, but innovation can

come from any one of our 1200 employees. We also believe that the diversity of our associates contributes to innovation. Bringing together multiple perspectives with different life experiences harbors creativity and leads to innovation. Innovation in turn leads to sustainability as we develop new products, processes and services for future generations.

I want to thank our customers, suppliers and employees along with their families for your contributions to our mutual success over the last 40 years. The idea of, “finding something good” begins with you and culminates in “making it good business” for all of us.



Fred Keller
CEO and Chair

“When I started the company my desire was to demonstrate that a business can be successful and an excellent employer at the same time. Over the decades that spark of an idea has grown to include demonstrating that our multiple business platform can positively impact our communities.”

Fred Keller
Chair and Founder



Reflecting on 2013

This is our ninth annual TBL Report. Our intent remains the same: to provide anyone with an interest in Cascade Engineering a brief summary of our performance related to our Triple Bottom Line of People, Planet and Profit. The analytics we provide are offered in the spirit of transparent reporting. We want to share our challenges and successes with you. Only through full disclosure can we ensure we are making progress.

We have a lot to be proud of and credit is due to every employee and associate throughout the organization. In the past year we celebrated CE's 40th Anniversary at Fifth Third Ballpark. We also celebrated milestone anniversaries for four of our Business Units: Cascade Automotive Europe (20 years), Decade Products (15 years), CK Technologies (10 years) and IWS (10 years). The longevity of these organizations is reinforcement that the TBL acts as an enabler.

Our progress and performance in living up to our TBL vision is measured through our Cascade Enterprise System (CES) objectives. Not surprisingly, these objectives are set up around the categories of People, Planet and Profit. We have CES Mission Rooms at each of our facilities to monitor our monthly, weekly, and daily progress in meeting specific goals.

I am proud of the progress we are making as we continually seek to improve our performance related to our Triple Bottom Line. We have a great team and we thrive on challenges particularly when we know our solutions are contributing to making our world a better place.

“Our competitive strength lies in the 1200 people of Cascade Engineering. We share a common purpose and we value the diversity of thoughts and ideas that contribute to innovation.”

Mark Miller
President

Certified B Corporation

Cascade Engineering has been a Certified B Corporation since 2009. The vision of B Corps is simple yet ambitious: “People using business as a force for good in solving society’s biggest problems.” Certification as a B Corporation is conferred by the nonprofit B Lab. This certification is granted to businesses that meet a high standard of overall social and environmental performance.

To become a Certified B Corporation requires completion of the B Impact Assessment; a rigorous and thorough audit that measures how our company performs against dozens of best practices regarding employee, community and environmental impact. The B Impact Assessment assures that we meet certain standards in four areas: Governance, Workers, Community and Environment. To maintain B Corporation Certification, the Impact Assessment is conducted every two years.

Currently there are 1,110 companies in 35 countries that have B-Corp Certification. As one of the

largest manufacturing Certified B Corporations in the world we are proud to be a part of this growing movement. A “Certified B Corporation” is different than a Benefit Corporation. Although the Michigan State Legislature does not allow legal classification as a Benefit Corporation in our state there are currently 27 states that do allow legal classification as a Benefit Corporation.

This legal classification as a Benefit Corporation provides business leaders and shareholders a new freedom to make decisions that are in the best interests of society as well as their bottom line. We support Benefit Corporation Legislation and look forward to adoption by the State of Michigan.

One of the key components of a Benefit Corporation is the requirement that its charter lists social objectives along with shareholder value on equal footing. Most importantly it empowers investors to hold founders and management teams accountable for pursuing these objectives.



“We are honored to be a certified B Corporation. Our TBL principles align with the B Corp charter of using the power of business to solve social and environmental problems.”

Kenyatta Brame
Executive Vice President

GOOD FOR PEOPLE

In 1973, Fred Keller wanted to build a company where employees would know and feel valued. Instead of writing a handbook on the things employees could not do, Fred started with a guidebook empowering employees with all the things they could do. It was this type of social innovation that led to investment in people and community.





Marquis Smith



Tom Trejo

Tom Trejo: Finding Success through Perseverance

Meet Tom Trejo, Advanced Quality Engineer at CK Technologies. When you first meet Tom he radiates energy and enthusiasm and readily admits his life has changed dramatically since 1998. “When I hit bottom I was no longer interested in living and I attempted suicide but fortunately God had another plan for me.”

That plan included an Associate Degree in Plastics Engineering from Northwest State Community College and a Bachelor Degree in Organizational Management from Bluffton University. Marriage to Rita and the merging of their two families including Tom’s children, Ryan (26) and Chelsea (21) and Rita’s children, Gunner (22) and Jessica (20). Add legal guardianship of Gabe (4) and a career of increasing responsibilities at CK Technologies.

“I was homeless, jobless and in and out of jail and the hospital. Alcohol and drugs consumed me”. Fast forward 15 years later and Tom is a totally different person today. He attributes his work at CK as his second chance to turn his life around. I started out regrinding plastic and eventually ran

presses, set up jobs and worked with utilities and materials. My degree led me to process engineering and currently I am the CES Lean Facilitator for the entire Montpelier facility.

Tom also dedicates a considerable amount of time to Kairos Prison Ministry of Ohio. The mission of Kairos is to help grow and nurture strong Christian communities within state and federal correctional institutions. As Tom says, “I’m here to help people. I understand isolation and I can provide hope when inmates feel there is no hope left. I want to do what’s put in my heart.”

In addition to weekly prison visits Tom participates in a 4 day session every 6 months called the Kairos Walk. These sessions provide prayer, fellowship and mentoring to the inmates. “We live with the inmates for four days and we make sure they know someone cares about them. We share stories, meals and pray together. It’s an incredibly rewarding experience for me as well as the inmates.”

“When I started the Pink Cart Program I didn’t know it would impact so many lives. I am amazed at how many communities from all over North America have come together to not only turn their curbs pink but to also create awareness and fight to end the disease.”

Jo-Anne Perkins
Vice President of Environmental Services



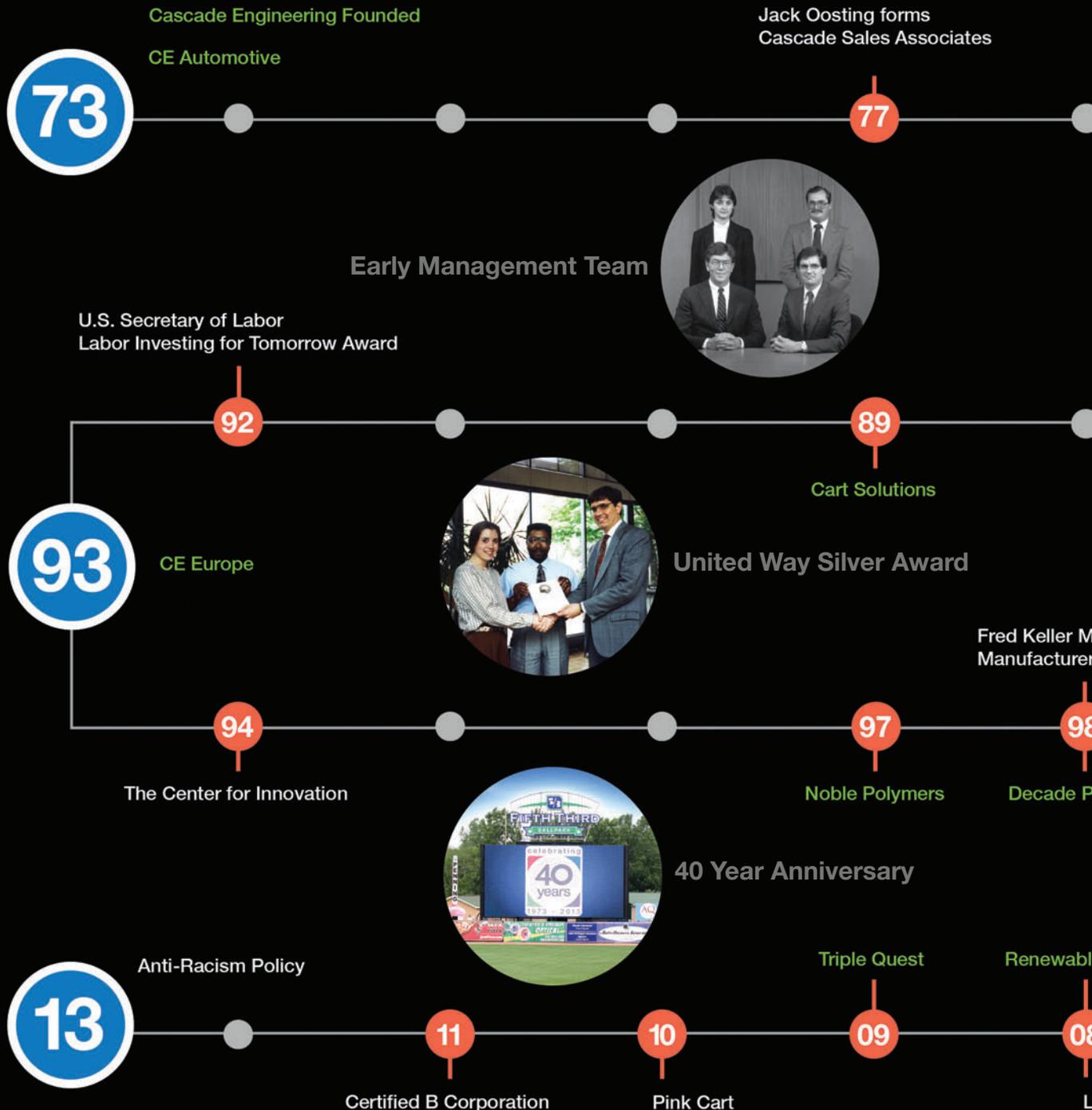
Pushing More Carts to the Curb

2013 was another great year for Pink Cart! Since launching our Pink Petition, we’ve managed to empower communities and push Pink Carts to curbs in nearly 30 states! We also launched a Be Healthy initiative on our Facebook page encouraging good health habits in an effort to create awareness about breast cancer prevention.

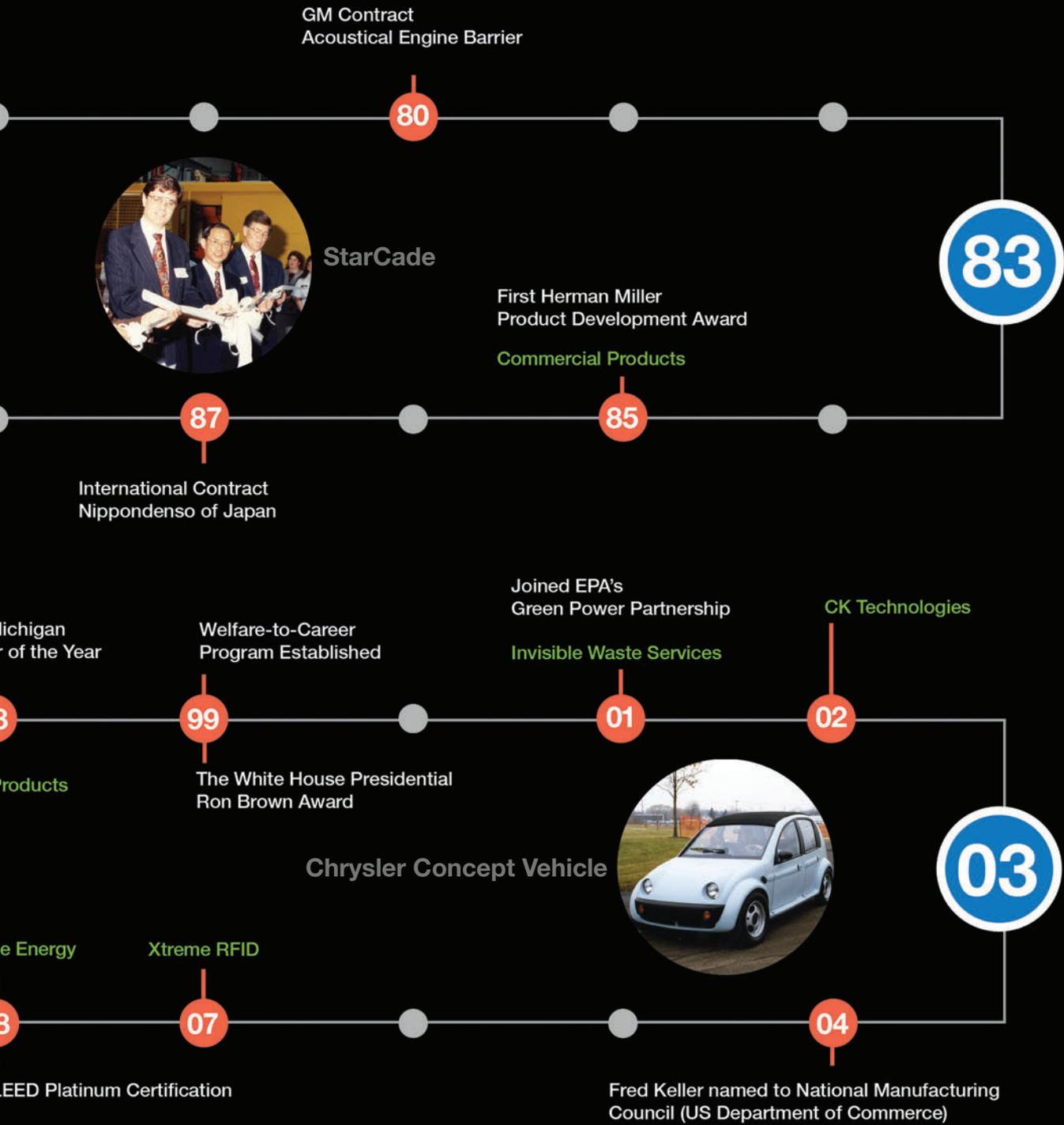
Many of our followers, better known as Pink Warriors, have utilized our Facebook page to create conversations and offer each other encouragement, support, and healthy living tips. Most of all, they share their stories of triumph and perseverance creating an online community to share resources and continue the battle to fight breast cancer.



OUR 40 YEAR JOURNEY



TOWARD TBL CULTURE



GOOD FOR THE PLANET

Cascade Engineering is on a never ending quest to improve our performance while being good stewards of the environment. The metrics and stories included in this TBL report reflect both the progress and the challenges we face to reduce the company's negative impact on the planet.







Good things happen
when you recycle

Good things happen
when you recycle.



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when you recycle

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Good things happen
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Innovation for the Planet

Within the last decade, the public and government demand for alternative energy sources has grown tremendously. The technology for harnessing the power of these resources is continually evolving. We are proud to make our contribution by introducing the first plastic injection molded solar racking solution.

Our unique polyolefin flat commercial roof racking system minimizes material usage and allows us to place material in areas that require extra support for the weight of the rack and heavy wind loads. But the innovation didn't stop there. To truly differentiate ourselves, we created a racking system that requires very little labor to install, is recyclable and

fits for shipment, reducing the energy needed to get it to the jobsite.

We are experts in large plastic injection molding but navigating the solar market channel is not in our scope. That's where Patriot Solar Group (PSG) based in Albion, MI comes in. They, along with the Department of Energy (DOE), collaborated with us in the development of this product.

This collaboration provided Patriot Solar with a rooftop solution expanding their product offering. We gained a new customer for our Commercial Products Group.



Safe Water for People; Clean Air for the Planet

2013 marked the start of a new social initiative for Triple Quest. Over the past few years, there has been a rise in awareness and concern about the effects of climate change. The life-saving HydrAid Bio Sand Water Filter not only provides safe drinking water for people living in developing countries, but through Triple Quest Carbon Offset Initiatives we are now able to offset carbon emissions. Projects started in Kenya, Ghana and Honduras will offset a total of 10,000 tonnes of carbon annually.

“Not only are our bins used for agriculture and industrial applications they are frequently used for recycling collection of plastic, paper and glass. These bins are equipped with RFID traceability capable of providing information and data specific to that bins content and location in the recycling stream.”

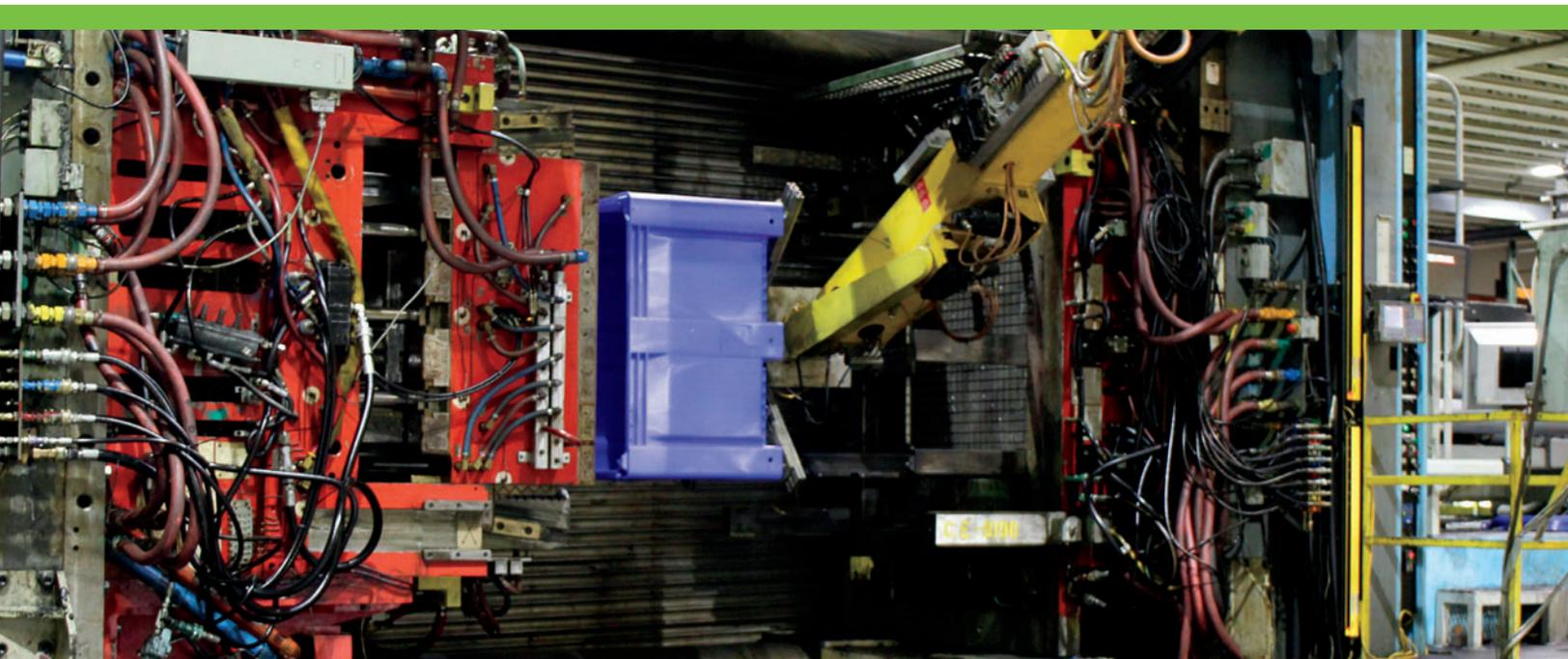
Ralph Harris
President
Decade Products



Our Bins Pay it Forward

In FY 2012 we reported on the benefits of plastic bins in the agricultural industry and shared how a fully functioning rental facility benefited both buyers and renters of our bins. In FY 2013 we are proud to say that our bins are making yet another positive environmental impact. Recently we supplied customized bins to the West Michigan based superstore, Spartan Foods, for in-store collection of plastics, paper and glass.

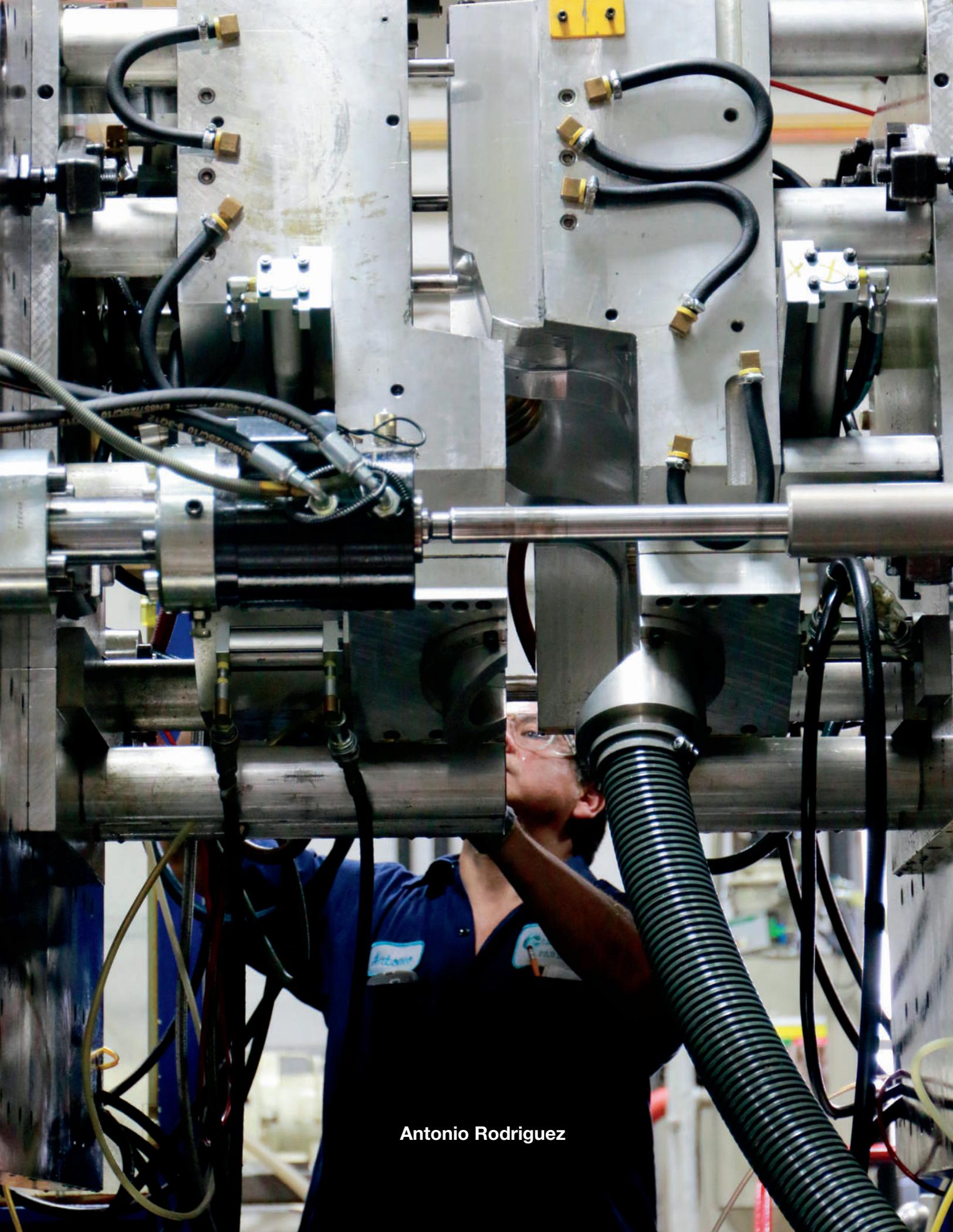
We have leveraged the knowledge and innovation of our sister companies Xtreme RFID and Cascade Cart Solutions to not only customize bins, but also trace our bins through the use of RFID technology. In partnership with Padnos, Inc. and Spartan Foods, this three way venture will serve as a prototype for other mass retail stores providing us with a competitive advantage that also meets our Triple Bottom Line principles.



GOOD FOR PROFIT

Throughout our 40 year journey, we have celebrated successes and persevered through tough economic times. As a for-profit company, we are in the business to make money. Using a triple bottom line approach allows us to not only create a profit but also positively impact our employees, the community and the environment.





Antonio Rodriguez

“CES is so much more than a business strategy. It is a people strategy. When employees are given the tools and opportunities to grow and learn they add value to the business.”

Mike Rexford
CES Director



CES: Good for People and Business

The Cascade Enterprise System (CES) is our company-wide growth strategy based on lean principles and tools that focus on demand creation and the elimination of waste throughout the whole organization. By focusing on waste eradication in all of our value streams, each year we move a step closer to achieving our Breakthrough Objectives that guide our deployment of CES and determine the areas of focus for double digit improvements.

As an example, Cascade Cart Solutions' TVSA (Total Value Stream Analysis) challenged the business unit to increase their sales by 200,000 units above their annual plan. In order to accomplish this we had to improve our capacity in operations by focusing on takt time attainment and highlighting the bottlenecks to achieving our takt time. The team recognized secondary equipment was contributing to high scrap rates and down time.

After implementation, the facility saw a 95% reduction in scrap resulting in a six figure improvement in scrap dollars and a significant contribution to our uptime.

Demand creation, operational excellence, and all other successes attained, are really the result of an immersion process. This immersion requires transformational learning through deep personal involvement by the entire organization. From the newest employee to our President and CEO, CES is becoming a common language, and the system's tools are becoming a common skill set. Through this process we empower our employees to understand and measure the contribution they make to the organization and to be active participants in a culture of continuous improvement.

In 2014, CES will continue to spread throughout the organization. As the system widens across the company, every department and support group will establish their own improvement plans to be carried out in support of the business and operational goals set through strategy deployment and begin their own immersion journey. Next year will mark the halfway point to our 5 year breakthrough goals as we continue to close the gap between where we are and where we want to be.

“We have expanded our geographic footprint to be closer to our customers. Our operations have been aligned to meet the needs of the commercial trucking industry. Yet, our true competitive strength lies in the contribution made by every CK employee.”

Christina Keller
President
CK Technologies



Good Business: Leveraging Our Expertise

2013 proved to be a year of perseverance for the Cascade Engineering Family of Companies. CK Technologies, one of our largest business units, was hampered by a slow product launch of a major platform and lower than expected product requirements throughout the commercial truck industry. As the market leader for injection molded bumpers, grills, chassis fairing skirts and roof air deflectors, we used this opportunity to attract new customers and shift our reliance on one major customer to many new customers.

The Automotive Industry

We are the market leader when it comes to injection molded dash mats and our focus has been increased market share in this area. We are happy to report our efforts have been successful and we have been awarded the dash mat business on two new high volume platforms. These dash silencers are 100% recyclable and offer better acoustic performance while reducing the overall weight of the previous part by 30%.

Roberto Cruz



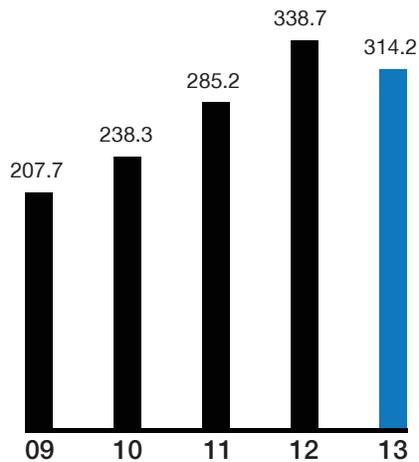


Rosa Loyola

Annual TBL Scorecard

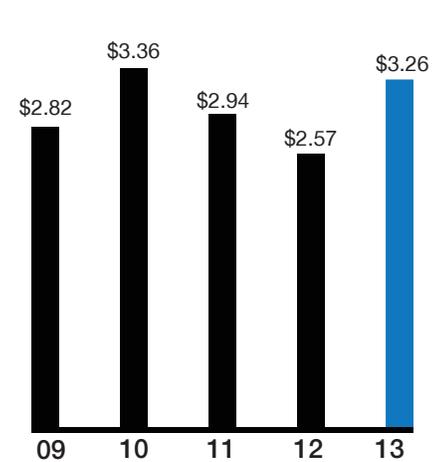
Our TBL scorecard represents the key measurements we use to identify challenges and track our progress as related to people, planet and profit.

Fiscal Year Sales
(dollars in million)



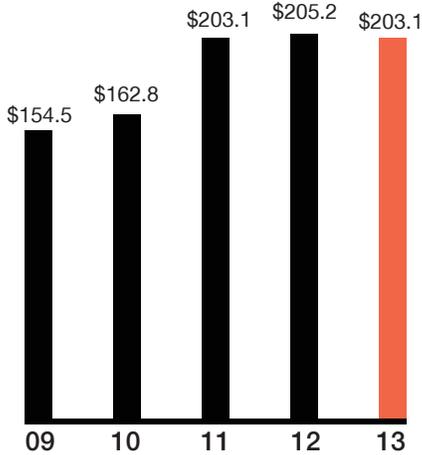
This graph represents our fiscal year sales for the entire Cascade Engineering Family of Companies.

Sales to Kilowatt Hour
(sales per kilowatt hour)



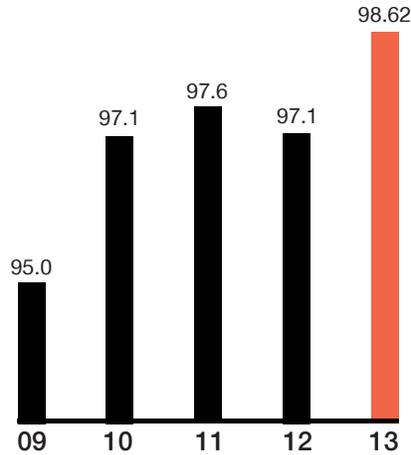
At Cascade Engineering, we strive to be efficient in minimizing our footprint on the environment. In fiscal year 2013 for every kWh of energy we used, we made \$3.26. We want this number to increase year over year so that sales increase while using the same amount of energy.

Social Contributions
(dollars in thousands)



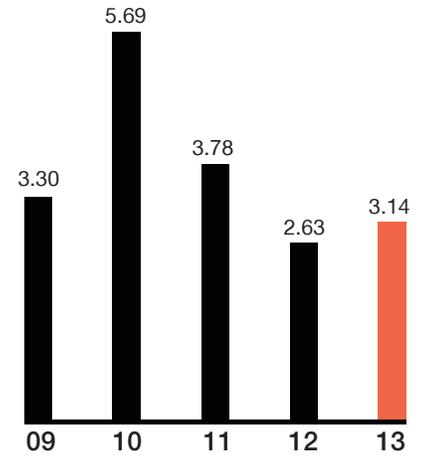
We believe that business has the opportunity to make a positive impact on society. We are proud to contribute to our community.

Welfare to Career
(retention rate)



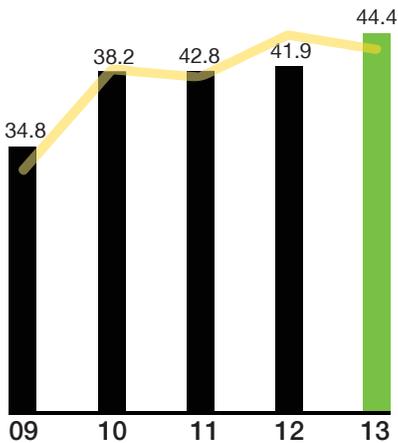
At Cascade Engineering, we understand the value that our employees bring to the workplace. We work to ensure that we are giving our employees the opportunities to build successful careers.

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



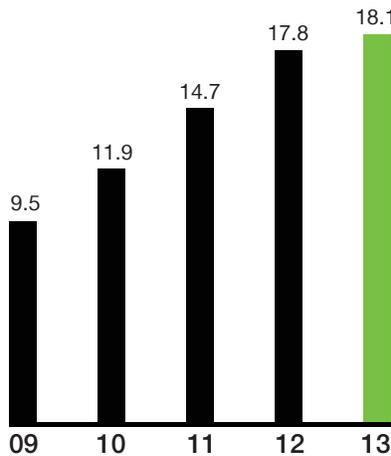
At Cascade Engineering, safety is our number one priority. We are proud to report that we come in below the industry average of 5.6 and strive to decrease this rate year over year.

Greenhouse Gas Emissions
(metric tons of CO₂ equivalent in thousands to sales dollars)



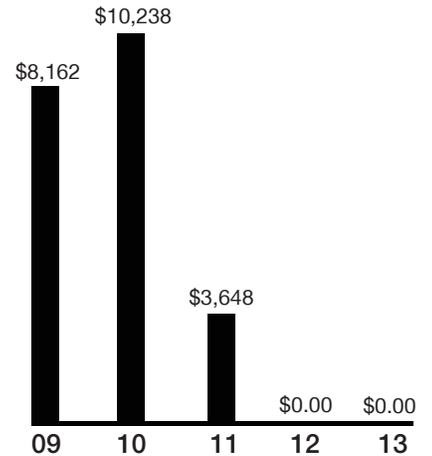
We use this metric to measure our environmental footprint. We work at decreasing this number year over year. The yellow line represents our fiscal sales dollars.

PCR/PIR Usage
(pounds in million)



We strive to use post consumer and post industrial recyclable material in our products. We try to increase this number year over year.

Landfill Costs
(waste haul costs)



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



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celebrating



1973 - 2013

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