

WHITE PAPER

Sustainability – One Company’s Perspective

How small and mid-size companies can develop sustainable solutions and benefit from it as well

Introduction

Sustainable packaging is a newsworthy topic these days. Popular publications like *Newsweek Magazine*, *The Wall Street Journal*, and *The New York Times* frequently publish material on the subject. The packaging trade media is providing extensive coverage. With former vice president Al Gore’s media exposure and his movie about the global warming phenomenon, *An Inconvenient Truth*, the so-called “green topics” are major news, and sustainable packaging often is part of that agenda. The “sustainability” term is applicable to more than packaging though. Our diminishing supply of global natural resources, how we deal with waste disposal and many other issues are part of a sustainability initiative. At many companies sustainability becomes a way of doing business that includes but is not limited strictly to environmental packaging issues.

Often when topics like sustainable packaging are written about and discussed, the names of the large corporate giants, like Wal-Mart, are the first to be mentioned. Certainly those corporations can and do have a major influence on environmental and packaging issues. Their level of media exposure provides a platform and an opportunity for those companies to be thought leaders on these topics, both influencing and even demanding from their suppliers a level of compliance with particular environmental requirements. And using Wal-Mart as an example, their involvement in a sustainable packaging initiative by implementing their Sustainable Packaging Scorecard demonstrates a high level of commitment.

But the large companies are not the only proponents of sustainability. Small and mid-size companies like Weatherchem have the same concerns, and the same mandate to make sustainability a part of their corporate charter. The environmentally-aware corporation, regardless of physical size or revenues, can impact the environment, well-being of its employees, local communities and the future in positive ways. And when you really think about it, while sustainable packaging is a critical issue, sustaining your business is just as critical. Maintaining your enterprise and your profitability in the long term while being a good steward of the environment and planning for the future is simply good business.

What is Sustainable Packaging?

According to the EPA, packaging can be made more sustainable by applying product stewardship. This means:

- Eliminating toxic constituents
 - Using less material
 - Making packaging more reusable
 - Using more recycled content
 - Making packaging more readily recyclable
- (Source: U.S. Environmental Protection Agency)

The Sustainable Packaging Coalition (SPC) defines the term in more detail as:

- Beneficial, safe and healthy for individuals and communities throughout its lifecycle
 - Meets market criteria for performance and cost
 - Is sourced, manufactured, transported and recycled using renewable energy
 - Maximizes the use of renewable or recycled source materials
 - Manufactured using clean production technologies and best practices
 - Made from materials healthy in all probable end-of-life scenarios
 - Physically designed to optimize materials and energy
 - Effectively recovered and utilized in biological and/or industrial cradle to cradle cycles
- (Source: Sustainable Packaging Coalition)

In reviewing this list it is clear that more than “just” packaging is involved. The way a company conducts business is affected by implementing the tenets of sustainable packaging, from products to employees to vendors to corporate management. Manufacturing processes, energy conservation, transportation issues, healthcare issues and almost every aspect of simply doing business is affected when an awareness of sustainability is present.

Sustainability – Does the Consumer Really Care?

Evidence that consumers are aware of sustainability issues continues to grow, although this awareness may focus more on the global aspects of sustainability as opposed to strictly packaging. Everything from rapidly growing sales of hybrid cars to companies like Hewlett-Packard’s claims of recycling 160 million pounds of materials indicates a level of consumer and corporate awareness. Industry reports also mention that significant numbers of shareholder initiatives are focused on sustainability/environmental type issues. That does not mean that the average consumer thinks about sustainability with the purchase of every product at the supermarket. A recent survey by the SPC sponsored by *Packaging Digest* said that “87% of respondents mentioned at least some portion of their current customers are asking for/requiring sustainable packaging.” (Source: Sustainability in Packaging Study, January 2007) While this is encouraging, there is a lot of progress yet to be made.

Most companies do recognize that various resources are being strained with resulting high prices (fuel, corn, etc.) and consumers realize that supplies of resources are not infinite. Additionally, regulatory agencies are increasingly becoming involved, with packaging being a priority area. Sustainability is being recognized as a global issue and studies show that consumers prefer to deal with companies that are environmentally- friendly.

Weatherchem – Sustainability Comes In All Sizes

Weatherchem may be considered a medium-sized company, but considers the obligation to provide sustainability to be a large concern and one to be taken very seriously. And, as a manufacturer in the packaging industry, there is an extra need to be socially responsible. The EPA estimates that in most parts of the developed world, packaging constitutes as much as one-third of the non-industrial solid waste stream, and developing countries are seeing significant growth in packaging waste. (Source: U.S. Environmental Protection Agency) From the packaging closures that we produce to our use of natural resources, we are aware of our eco-footprint.

Making Sustainability A Way Of Corporate Life

Weatherchem has been a proponent of sustainability for all of its corporate existence. While the term “sustainability” may not have been in use 35 years ago at the company’s inception, the company has always operated the business with a social and ethical sense of responsibility.

Metrics - A commitment to sustainability requires a commitment to measure progress, and the use and acceptance of global metrics. Weatherchem recognizes the UN Global Compact, a voluntary international initiative that supports universal environmental and social principles. The company also ascribes to the Global Reporting Initiative (GRI), a framework for sustainability reporting. The purpose of the GRI is to make reporting on economic, environmental and social performance routine. Giving these issues the same degree of importance as financial reporting provides a greater sense of urgency and of ownership, for both company employees and management.

Community – At Weatherchem we find that working with local universities and organizations brings sustainability to a local level. We work with Case Western Reserve University and the Center for Business as an Agent of World Benefit (BAWB.) We are also a participant in EDGE, a group of 101 area middle market companies. This group is involved in enhancing business sustainability in the Northeast Ohio region, and in making the area a better place to live and work. Weatherchem employees are also involved in their respective communities through a variety of local organizations. Through E City we teach entrepreneurship to low-income young people in the Cleveland area. Our perspective on sustainability includes helping prepare younger generations for future business roles that will help maintain and grow the local economy.

Products – We are constantly striving to enhance the sustainability of our products. This encompasses everything from reducing the amounts of material we use to the types of materials we use. Making the paper or foils used in liners thinner, for example, or using less material in producing our dispensing closures is an example of sustainability through deliberate design changes. All of the new products we created in the last 2 years have a lighter-weight design. Furthermore, we have introduced two new closures to the spice market that are sift-resistant. In other words, the product inside is fully contained and this eliminates the need for a liner. Most recently, we have started the development of a biodegradable cap. This product will not only be better for the environment, it will also be profitable for the corporation. Providing both environmentally-friendly and business-friendly products proves the sustainability concept.

Environment – Conserving resources makes sense on every level – business, social, environmental. Sustaining resources for future generations requires that we reduce energy and water consumption, reduce waste creation, recycle, reduce material usage, and support material recovery programs. We have lowered our usage of natural gas. We use more energy efficient light bulbs. We work with our local community recycle center, even to the extent of providing financial support. In our paper recycling program:

- Employees donate their time to take paper to local schools that have recycling bins.
- Schools then trade the paper for money to support school programs.

As an example of our focus on conserving energy:

- All employees make an effort to conserve energy resources. Lights are turned off when employees leave their offices, even at lunch time or for meetings. Employees turn off their computers before leaving for the night.
- In our plant we judiciously use our resources. Presses are strategically started and shut down. This is done gradually to prevent surges in energy demands.

People – Weatherchem promotes initiatives encouraging employee participation in wellness activities (weight loss, fitness challenge, etc.) Our workforce development efforts include investment training, leadership training and success and development profiles. We are a participant and fully conform to the FPA-SAFE Auditing Program. We have an active safety team keeping our workplace accident free. Keeping our workforce healthy and happy is a high priority. Healthy employees help keep healthcare costs down, and typically have less sick time. Happy employees are motivated and more likely to achieve their goals. These traits lead to higher productivity, a more cohesive workforce, and the ensuing financial gains. We apply the principles of sustainability to our workforce as well as to our packaging products and the environment.

Making a Global Issue Local...and Personal

It can be easy to think and talk about topics like “sustainability” in an abstract sense. Some would prefer to leave these issues for the government or the corporate giants. In the case of Weatherchem, we prefer to make sustainability real. And, we prefer to take the concept beyond packaging and beyond our products to include our entire organization. In a survey from the National Marketing Institute and LOHAS (Lifestyles Of Health And Sustainability) they solicited consumer reactions to the statement “*Knowing a company is mindful of its impact on environment and society makes me...*”

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| • More likely to buy their products and services | 91% |
| • More loyal to the company | 84% |
| • More likely to talk with my friends and family about the company | 82% |
| • Less concerned with the price of their products | 68% |
| • More likely to buy their stock | 59% |

(% consumers who completely/somewhat agree)

(Source: The LOHAS Consumer Trends Database™)

(The National Marketing Institute, 2006)

From these results it is clear that sustainability is important to our customers, and to their customers, the ultimate consumers. We think a small manufacturing company can have a significant impact on sustainable packaging, a sustainable environment and resources, a sustainable work force, and...a sustainable business.



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