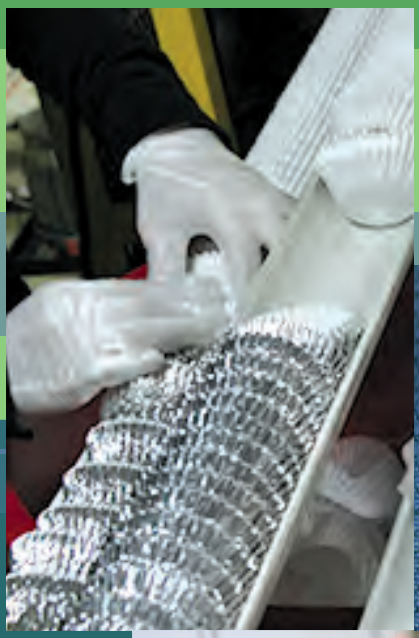
ROCKLINE®
INDUSTRIES

# ENVIRONMENTAL SUSTAINABILITY REPORT 2012



ROCKLINE® INDUSTRIES

# ENVIRONMENTAL SUSTAINABILITY MISSION STATEMENT

Rockline will take positive steps to develop environmentally sustainable processes, products, packaging, and raw materials throughout the supply chain that will deliver long-term value for our customers, communities, and associates.

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| KEY METRICS | KEY ACHIEVEMENTS | KEY CHALLENGES |
|---|---|---|
| Energy Use | Surpassed 2015 wet wipe solid waste reduction goal of 20% | Wastewater figures are higher than FY 2009 (base year) levels |
| Greenhouse gas emissions | Landfill rate below 20% globally | Increased year on year wastewater 3% |
| Wastewater | Reduced transportation emmissions 11% | |
| Total solid waste - coffee filter units | | |
| Total solid waste - wet wipe units | | |
| Landfill Rate | | |
| Transportation | | |

## THREE-TIER VISION

*Short term — annual goals.* Rockline sets annual sustainability targets, as a way of measuring our progress from year to year. These goals are small, incremental steps toward sustainability. They are intended to be challenging but achievable, and will keep Rockline pointed in the right direction.

*Medium term — multi-year goals.* Rockline's current multi-year goals are set for our fiscal year 2015. Just beyond the horizon, these more ambitious goals give shape to where Rockline is headed in a strategic sense.

*Long term — aspirations.* For the long term, Rockline has delineated a series of sustainability "aspirations" — our hope for what a completely sustainable Rockline might look like, at some unknown point in the future. This is the biggest of big-picture thinking, and what we hope is a very bold statement for our company.

# Letter from the President

At Rockline, we continue to see the overlap between environmental savings and cost savings, whether it's high-output fluorescents that provide crisp, white light for our plant associates yet consume far less energy than traditional halide lights, or geothermal heating and cooling that keep our Booneville, Ark. production area a constant temperature yet uses less energy than conventional HVAC systems. Now, more than ever, technology enables companies like ours to make good business decisions that also benefit the environment.

Welcome to Rockline's fourth annual Environmental Sustainability Report. Since launching our sustainability program in 2008, we have endeavored to reduce our environmental footprint by focusing on key environmental impact factors: greenhouse gas, energy consumption, wastewater, solid waste, landfill rate, and transportation emissions.

From the beginning, Rockline's commitment to sustainability has been driven by two motives. First, it is important to our stakeholders that we measure and improve our environmental impact. Second, it is the right thing to do—both for the environment and for our business. Transparency is key to the success of our program. In this report you will see the hard data—where we hit our goals and where we fell short. Our focus is progress—we track the data that show where we are today and we set goals that will make us better tomorrow.

## PRIORITIES & ACHIEVEMENTS

Rockline follows a three-tier strategy for improving our environmental impact. We are driven by our aspirations, listed on page 10, and set five-year goals to get closer to the type of organization we aspire to be. Our first set of five-year goals ends in 2015. In this report, you will see our progress to date against those goals and the initiatives we have in place to get us the rest of the way there. Along the way, Rockline has also set aggressive annual goals to keep us on track to meet our 2015 milestones.

Since our program's inception in 2008, we have reduced our normalized energy use by 24%.

This year, two of our facilities implemented no-waste-to-landfill programs, helping to divert nearly 5,000 metric tons of waste from landfills. Additionally, we eliminated nearly 4,000 metric tons of solid waste globally. This is a key success for Rockline, as reducing waste at the source and preventing that waste from entering the waste stream, is a key focus of our organization.

Additionally, you will see in the Transportation section of this report the great progress made by our Logistics team. This year, they hit their 2015 goal of a 10% reduction in carbon emissions for outbound shipping by using innovative and collaborative approaches with our suppliers and customers.

## CHALLENGES AND OPPORTUNITIES

The single largest area of opportunity for Rockline is in wastewater. Because water is a major ingredient of our wet wipe products, our absolute water use may increase or decrease depending on the product specifications, so as an organization, we focus on water use outside of the products. We consider any water that doesn't make it into a finished good to be waste—and work vigorously to reduce it. Unfortunately, our wastewater increased 3% this year compared to last year. We attribute this increase to new line installation and qualification—and while we have the firm commitment to never sacrifice quality for sustainability, we must continue to look for new and innovative ways to reduce wastewater.

## NEXT STEPS

We are two years away from the deadline for our 2015 goals and we will continue to create initiatives and goals that help us reach them. It's an exciting time to be in business and see the world of sustainability taking shape.

We hope you enjoy this year's annual report. We appreciate you taking the time to read about our program. Please don't hesitate to contact us with feedback.

Randy Rudolph

President

# Global LOCATIONS

| PRIMARY CUSTOMERS | CATEGORIES |
|---|---|
| Retailers, drugstores, convenience stores, institutions, grocery stores, supermarkets, mass merchandisers, and club stores. | Antibacterial<br>Baby<br>Baking<br>Disinfecting<br>Food Service<br>Health and Beauty<br>Household<br>Incontinence |



# Global SALES

### NORTH AMERICA
Canada
Mexico
United States

### CENTRAL AMERICA & CARIBBEAN
Costa Rica
El Salvador
Jamaica
Panama
Puerto Rico
Trinidad and Tobago

### SOUTH AMERICA
Argentina
Chile
Colombia
Ecuador
Venezuela

### EUROPE
Austria
Belgium
Czech Republic
Denmark
France
Germany
Greece
Luxembourg
Netherlands
Norway
Poland
Portugal
Republic of Ireland
Russia
Slovakia
Spain
Sweden
United Kingdom

### ASIA
China
Hong Kong
Japan
South Korea

### OCEANIA
Australia
New Zealand

## 40 Billion Individual Coffee Filters, Baking Cups & Wet Wipes Produced

PRIMARY BRANDS

Bake Fresh · Pure'n Gentle · little steps · Brew Rite · Fresh Cup · fresh'n up · Tuff&Tidy · THICKERS · Good & Clean · soffs · NATURAL BREW · NATURAL CHOICE

# ROCKLINE'S ANNUAL REPORT

## INTRODUCTION

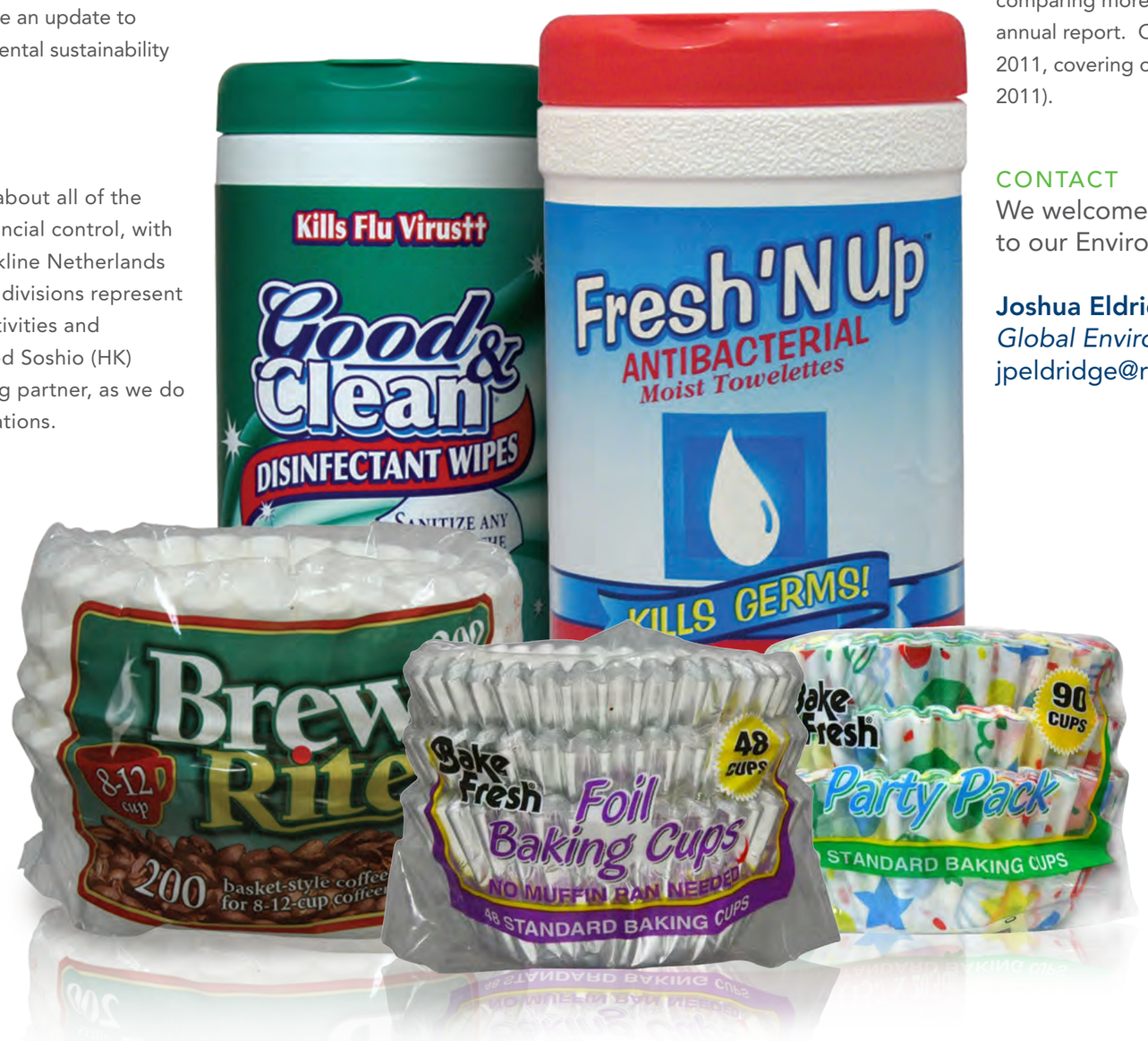
Welcome to Rockline Industries' 2012 environmental sustainability report. The purpose of this report is to provide an update to our stakeholders on the status of our environmental sustainability efforts over the previous fiscal year.

## BOUNDARIES

In this report, we have included information about all of the operations over which Rockline exercises financial control, with the exception of two minor subsidiaries, Rockline Netherlands B.V. and Rockline Trading Hong Kong. These divisions represent less than 1 percent of our global business activities and environmental impact. We have also excluded Soshio (HK) Industrial Co. Ltd., our Chinese manufacturing partner, as we do not exercise financial control over their operations.

## SCOPE

The greenhouse gas (GHG) emissions data in this report is comprised primarily of Scope 1 (direct emissions) and 2 (indirect emissions) activities. The Scope 1 and Scope 2 data are derived from our manufacturing facilities and business offices. This report also contains a limited amount of Scope 3 data (greenhouse gas emissions from outbound shipping of our finished goods to customers) which can be found in the transportation section of this report.




## METHODOLOGY

Unless explicitly indicated otherwise, all data, figures, and charts cover the period of our fiscal year ending in 2012, which runs from July 1, 2011, to June 30, 2012. The data in this report have been collected from invoices and statements of account sent to Rockline by our utility providers and other vendors. We have calculated our carbon footprint using the Greenhouse Gas Protocol Corporate Standard, as well as emission coefficients from the United States Environmental Protection Agency (US EPA) and the United Kingdom Department of Farm, Environment, and Rural Affairs (UK DEFRA). The specific uses of these coefficients are noted in the appropriate places later in this report, but for consistency, we have used the same coefficients when comparing more than one year's worth of data. This is our fourth annual report. Our previous report was published in September 2011, covering our fiscal year 2011 (July 1, 2010, to June 30, 2011).

## CONTACT

We welcome and appreciate all inquiries pertaining to our Environmental Sustainability Program.

**Joshua Eldridge**
*Global Environmental Sustainability Coordinator*
jpeldridge@rocklineind.com

# WHO WE ARE

## ORGANIZATIONAL PROFILE

Rockline Industries is a privately-held manufacturer of wet wipe, coffee filter, and baking cup products. Founded in Plymouth, Wis., in 1976 by Ralph Rudolph, Rockline has grown to become a global enterprise, employing over 2,000 people worldwide. We are proud of the hard work and customer loyalty over the past 36 years that has enabled our company to grow from a single facility in Wisconsin to six facilities worldwide.

In 1992, Mr. Rudolph passed control of the organization to his son, Randy, who is our current president. The elder Rudolph passed away this year and will be greatly missed. Rockline remains a family-owned company with its headquarters in Sheboygan, Wis.

Rockline's environmental sustainability program was started in 2008. The need for a sustainability program was obvious: Earth's population has grown exponentially in the past four decades, and with exponential growth comes an exponential need for resources like clean water, food, fuel, and consumer goods of all kinds. As business and industry work to meet this growing demand, we have seen unprecedented levels of carbon emissions and waste.

Many consumers have become aware of this trend, and are demanding that corporations begin to do business in a more environmentally friendly manner. Rockline's customers and communities are no different. As a result, Rockline President Randy Rudolph commissioned an executive-level environmental sustainability steering committee to formulate Rockline's response. Over the past three years, this committee has established the framework of sustainability at Rockline by setting goals, tracking progress, and working to ensure Rockline does its part to become a better steward for the environment.

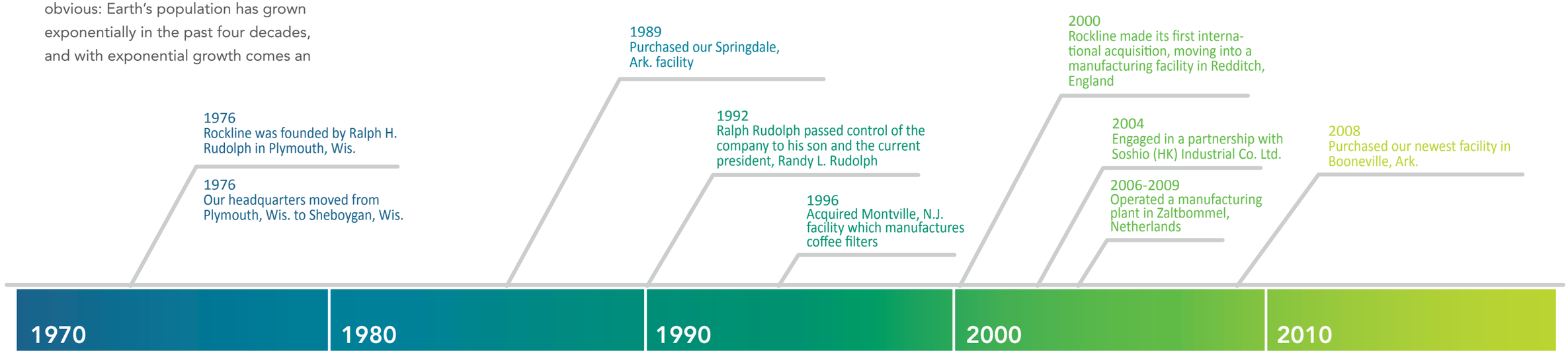


ENVIRONMENTAL SUSTAINABILITY MISSION STATEMENT:

Rockline will take positive steps to develop environmentally sustainable processes, products, packaging, and raw materials throughout the supply chain that will deliver long-term value for our customers, communities and associates.

### Rockline Industries Environmental Sustainability Steering Committee

Ron Kerscher, *Sr. VP of Sales and Marketing*
Rich Rudolph, *VP of Sales*
Nick Santoleri, *VP Operations Global Wet Wipes*
Lorraine Crosbie, *EU Retail Sales Director*
Dave Deising, *Business Director, North American Retail Wipes*
David Cook, *Contract Manufacturing Services Sales Director*
Josh Eldridge, *Global Environmental Sustainability Coordinator*



# ASPIRATIONS

In 2009, Rockline Industries designed a set of aspirations that we defined as our "ideal end state." After we received feedback from our stakeholders over the year, we have decided to maintain these aspirations but treat them like any other goal — as measurable and achievable. The difference with our aspirations is that while our short- and mid-range goals have specific time frames attached, the time it will take for us to realize our aspirations is undefined.

We will continue to set targets in the direction of our aspirations, but we also recognize that when we attain these long-term goals, it does not mean our work is done — only that we'll need to regroup and aspire to be better yet.



## FOSSIL FUEL INDEPENDENCE

Rockline wants to move away from fossil fuels toward clean, low-carbon energy.

- Use energy more efficiently.
- Show preference for low-carbon fuels.
- Adopt alternative and renewable energy sources.
- Eliminate sources of energy use.

## CREATE VALUE, NOT WASTE

Rockline wants to minimize waste and its impact on the environment.

- Design waste out of our system.
- Increase manufacturing efficiencies.
- Divert solid waste from landfill.
- Investigate alternative waste strategies like reuse, recycling, and energy recapture.
- Eliminate sources of wastewater from our operations.

## ECOLOGICALLY INTELLIGENT PRODUCTS

Rockline wants to make and sell products that sustain the environment in the long term.

- Make products that perform using less material.
- Use materials that come from natural sources and recycled inputs.
- Incorporate chemicals that are safe for human health and the environment.
- Eliminate packaging and choose packaging materials that are more recyclable by consumers.

## 2015 | GOALS

| Metric | UOM | FY '12 Actual | FY '15 Goals |
|---|---|---|---|
| Energy | MJ/std | -24% | -15% |
| GHG Emissions | kg $CO_2e$/std | -13% | -15% |
| Wastewater | L/std | +5% | -5% |
| Solid Waste (filters) | kg/std | -9% | -5% |
| Solid Waste (wipes) | kg/std | -50% | -20% |
| Landfill Rate | % | -20.2 | -5.0 |
| Transportation | kg $CO_2e$/tkm | -11% | -10% |

STD = One standard unit of 1,000 pieces

Over the past year, Rockline made significant progress along the journey towards our aspirations – much of which is covered in detail later in this report. Throughout this report, as in past reports, you will notice that quantitative transparency is a cornerstone of our program. We have made a public commitment to not only set specific, quantitative goals, but to report our progress against those goals. The table shows our progress to date against our 2015 goals; all of the metrics use 2009 as the baseline year.

# STAKEHOLDERS

Our stakeholders were identified in 2009 by our environmental sustainability steering committee. In the past two years we have engaged our stakeholders in a myriad of ways. We have integrated environmental sustainability metrics into many of our supplier reviews and have engaged suppliers in designing their own programs. We have engaged our customers and play an active role in many of their sustainability programs.

We welcome all questions and comments regarding our program from our stakeholder group.

## CUSTOMERS

An organization's true environmental impact is not limited to internal processes and products; it is an aggregate of emissions and waste generated throughout the supply chain. As our customers continue to drive sustainability in their own organizations, they look to us to drive similar efforts within ours — all with a goal of delivering a more environmentally sustainable product to the consumer.

## ASSOCIATES

When we say sustainability is the right thing to do, we believe it to be true regarding all facets of our organization, including our associates. We expect all of our associates to be committed to reducing waste, improving efficiency, and adding value to the products we manufacture. In order to ensure that we can continue to offer valuable employment opportunities in the future, we must place an emphasis on sustainable business practices today.

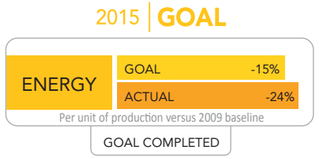
## SUPPLIERS

In addition to our operations, our environmental impact extends back into our supply chain. At Rockline, we work to design supply chains and products that deliver a better environmental value to the consumer, and we depend on our suppliers to adopt sustainable business practices to help us make these efforts successful.

## COMMUNITIES

Rockline is a manufacturing company with over 2 million square feet of manufacturing, warehousing and office space globally. We have an obligation to the communities in which we operate to ensure we do our part to make them livable, clean, and safe. We can do our part by reducing our emissions and handling waste in such a way that it is reused, recycled, and sent to landfill only as a last resort.

# ENERGY




Rockline is a light manufacturer. The energy we procure is used in the conversion of finished raw materials into consumer packaged goods, including wet wipes, coffee filters, and baking cups. The energy we use can be broken down into three broad categories: electrical, thermal, and vehicular. The following tables illustrate our energy usage over the last four fiscal years.

## RISKS

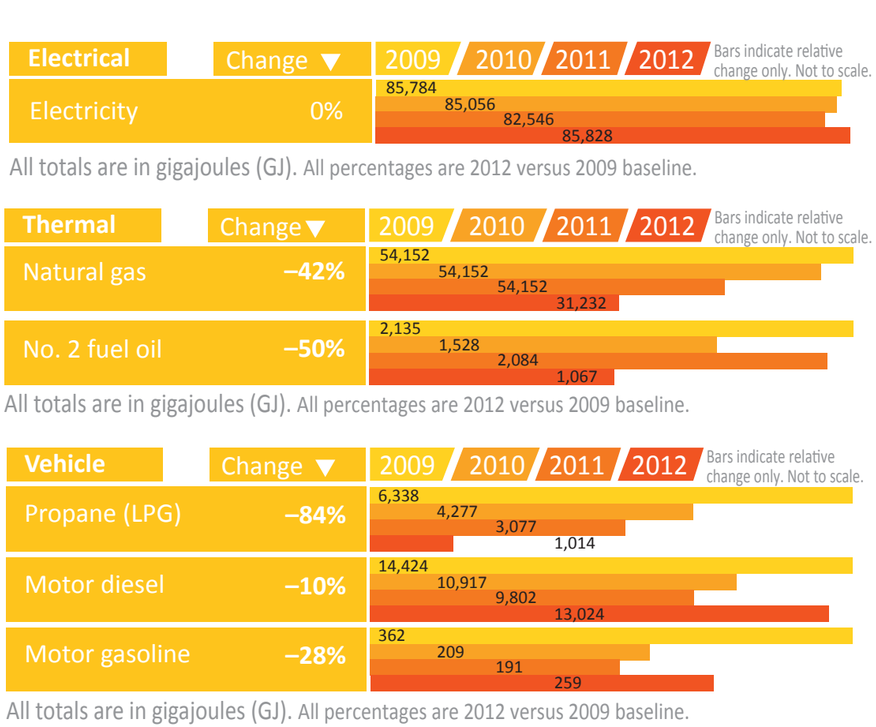
The energy that Rockline uses is largely derived from nonrenewable sources. As with any nonrenewable commodity, the risk is that at some point in the future, that commodity will cease to exist and any processes dependent upon it will cease to exist as well. In short, dependency upon nonrenewable energy sources is the very definition of an unsustainable practice. The limited supply of nonrenewable fuels, combined with volatility in both price and supply, produces a substantial risk for Rockline.

## OPPORTUNITIES

Introducing renewable energy and increasing output while maintaining or reducing energy consumption are the two major opportunities for Rockline. Technological advancements are attractive capital investments because they both decrease the cost of operations and have short payback periods. Rockline has invested in such technologies since the inception of our program including: LED and high output lighting, geothermal climate control, and smart compression systems.
Alternative sources of renewable energy are also emerging. Though most of these are currently cost-prohibitive (given the moderate scale of energy consumption at Rockline), we continue to monitor and explore renewable energy advancements.

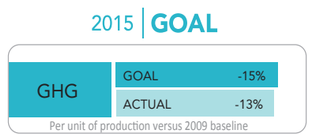
## INITIATIVES

Our Redditch, U.K. facility is seven years through a 10-year project to replace the facility's roof insulation, which will provide for better heat retention in the winter months.
Our Springdale, Ark. facility will be installing energy efficient lighting in the manufacturing area.






# GREENHOUSE GAS




## ELECTRICITY

Rockline's electricity is sourced from public utilities. To determine our emissions, we utilize factors published by the U.S. Environmental Protection Agency (EPA) and the U.K. Department of Environment, Farm, and Rural Affairs (DEFRA). Each emissions factor is based on the mix of fuel sources used by the power plants in the region where our facilities are located.

## THERMAL ENERGY

Rockline's two primary thermal fuels are natural gas and No. 2 distillate fuel oil. (The latter is used only at our Montville, N.J. facility.) To determine our emissions factors, we utilize factors published by the International Panel on Climate Change (IPCC). Rockline procures these fuels from public utilities or traditional commercial suppliers. The same factors are used for all of our facilities.

## VEHICLE FUELS

Rockline vehicle fuels, which include conventional motor diesel and conventional unleaded gasoline, are procured from local suppliers. We utilize IPPC emissions factors to determine our emissions. The same factors are used at all of our facilities.

## RISK

The risks associated with our greenhouse gas emissions exist on both macro and micro scales. The risks of greenhouse gas emissions on a macro scale—globally and long-term—are still too nebulous to quantify at a specific level.

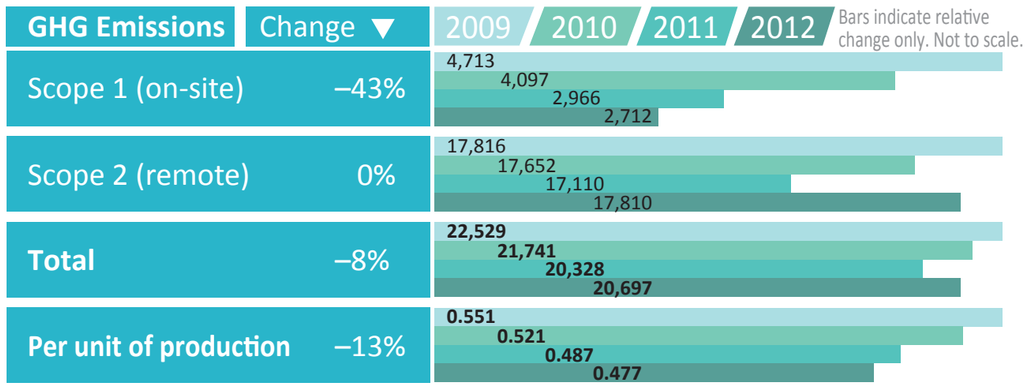
At a micro level, carbon taxes, energy taxes, cap-and-trade schemes, and other similar emissions regulations pose a risk to our business in the form of additional costs. Rockline currently falls below the threshold for most proposed legislation, though many of our suppliers could be subject to new legislation and pass their costs to us in the form of higher prices.

## OPPORTUNITIES

Energy reductions provide the benefit of reducing our carbon footprint. We have determined that energy reduction is currently our best strategy for reducing our greenhouse gas emissions. As technology develops, however, renewable energy sources may become more viable and more important than efficiency measures.

## INITIATIVES

As noted above, energy reduction initiatives reduce our carbon footprint. Our energy reduction initiatives can be found in the energy section of this report. Rockline has also taken steps to switch to energy sources that are less carbon intensive.
Our Montville, N.J. factory recently purchased its first battery-electric forklift. Although the facility still has some propane forklifts, this purchase is the first in an effort to phase out propane.
Our Booneville, Ark. facility installed a geothermal heating and cooling system which went online at the transition of our fiscal years 2011 and 2012. Booneville frequently experiences summer temperatures above 100° F (38° C).



# WATER USE & WASTEWATER

ROCKLINE'S THREE MAIN CATEGORIES OF PRODUCTS—WET WIPES, COFFEE FILTERS, AND BAKING CUPS—USE WATER VERY DIFFERENTLY.

2015 | GOAL

| | | |
|---|---|---|
| WASTEWATER | GOAL | -5% |
| | ACTUAL | +5% |

Per unit of production versus 2009 baseline

Water is one of the main raw materials in wet wipes and one of the main process materials in coffee filters and baking cups. Rockline defines wastewater as any water that is not a component of the products we manufacture.

Our wet wipe operations use significant quantities of water to formulate lotions for our wet wipe products. Although some of our lotion is purchased pre-mixed in reusable containers called totes, the majority of the lotion we use is mixed on-site in our specialized chemical mix departments. Because the amount and type of lotions used in our products are largely determined by our customers, we have chosen instead to focus on increasing the efficiency of our water use, an area over which we have more direct operational control.

Our coffee filter and baking cup operations, meanwhile, use comparatively limited amounts of water. There, water is primarily used to generate steam, which is used to give basket-style coffee filters and baking cups their distinctive shapes.

Outside of finished goods, we use water for a range of other purposes. Our products undergo extensive quality testing before we ship them for public consumption, and many of these tests require water. Rockline also uses water to flush, clean, and sanitize piping and other machinery used to deliver lotion from the mix departments to the production lines. Each time a production line changes from one type of lotion to another, the entire pipe works must be flushed to prevent contaminating any product with trace amounts of the previous lotion. The piping must also be cleaned and sanitized on a regular basis to prevent build up.

Rockline will never sacrifice quality to save water, but focusing on more efficient water use, even in testing and cleaning, is nevertheless a priority.



## RISKS

Potable fresh water is an extremely scarce commodity representing less than 1% of all water found on earth. This fact combined with population growth and economic growth globally could pose a risk in the long term as fresh water is a major component of our operations, including the single largest ingredient in our wet wipe lotions. Additionally, even though our manufacturing facilities are currently located in areas with abundant fresh water, risks such as higher costs and capital expenses could arise if we expanded our operations to areas with poor access to water resources. Rockline does not expect to face supply constraints in the near term.

## OPPORTUNITIES

Rockline's largest opportunity to decrease wastewater exists in our manufacturing processes. In 2012, Rockline experienced significant growth which required new line installations in three of our North American plants. Quality validations require a significant amount of water, all of which hit our wastewater metrics. In 2013, we anticipate decreases in our wastewater figures as most line installation work will be complete.
Rockline also has an opportunity to increase the accuracy of water usage measurements. Currently, our only accurate measure is the amount of water coming into our facilities, as reported to us on statements and invoices from our local water utilities. We do not, however, meter our outgoing water, nor do we have any truly accurate method of measuring the amount of water in the products that we ship. The best we can do is make a reasonable estimate based on production statistics and product specifications.

## INITIATIVES

Our Redditch, U.K. team is researching ways to drive down wastewater and we look forward to applying their findings globally.

| Water Usage | Change ▼ | 2009 | 2010 | 2011 | 2012 |
|---|---|---|---|---|---|
| Incoming water | +7% | 179,152 | 189,016 | 181,504 | 192,217 |
| Water used in products | +4% | 104,198 | 102,957 | 103,566 | 108.317 |
| % of water used in products | +2.3% | 58.2% | 54.5% | 57.1 | 55.9% |
| Non-product water use | +11% | **74,955** | **86,058** | **78,138** | **83,900** |
| Per unit of production | +5% | **1.832** | **2.061** | **1.870** | **1.933** |

Bars indicate relative change only. Not to scale.

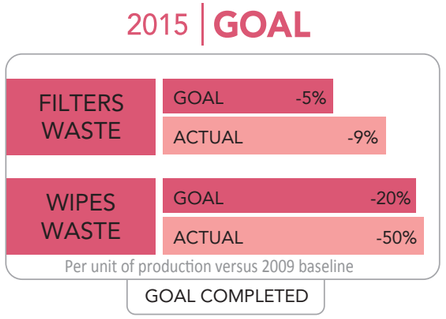
All totals are in cubic meters (m), except for per-unit water use, which is in liters (L).
All percentages are 2012 versus 2009 baseline.

# SOLID WASTE

## SOLID WASTE

Waste is literally the inefficient use of resources, and when it occurs, it drives up the cost of the products Rockline produces. For this reason, Rockline focuses on measuring, reducing, and eliminating waste from our manufacturing processes to provide better value to our customers.

Rockline defines solid waste as all waste leaving our facility regardless of how it is generated or handled. For example, our coffee filter production generates a high amount of waste because the round filters are cut from square sheets of paper. Even though the paper scrap is recycled, it is still considered waste, because a truly efficient process would use all of the paper. In short, while recycling waste is better than landfilling it, it would be better still not to have anything to recycle at all.




## RISK

Solid waste represents virgin natural resources that are harvested but ultimately unused or utilized in a less-than-optimal manner. As the demand for virgin raw materials continues to escalate with growing populations and economies around the world, key resources may soon become scarce or even nonexistent. As the scarcity of virgin raw materials increases, so costs will increase as well, lowering the demand for our products relative to substitute goods.



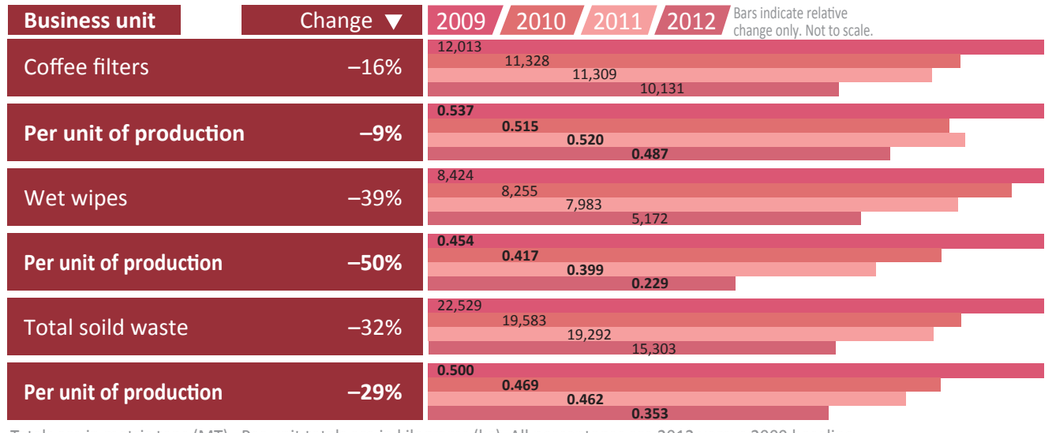
## OPPORTUNITY

As long as waste exists, there is opportunity to reduce it. Rockline's environmental sustainability program tracks solid waste monthly and has set goals to reduce scrap at each facility. Every step Rockline takes toward reducing solid waste relieves a portion of the demand placed on natural resources and makes our products more attractive economically.

## INITIATIVES

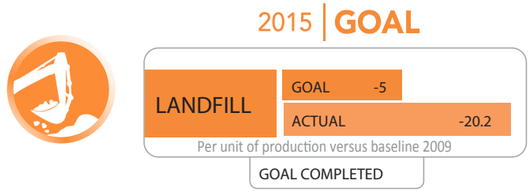
Our Coffee Filter manufacturing locations in Wisconsin and New Jersey have rebuilt and made upgrades to slower, less efficient lines to reduce waste and increase throughput.

Solid waste represents virgin natural resources that are harvested but ultimately unused or utilized in a less-than-optimal manner.




Totals are in metric tons (MT). Per-unit totals are in kilograms (kg). All percentages are 2012 versus 2009 baseline.

# LANDFILL




## LANDFILL

Rockline made great strides in diverting waste from landfill by sending zero waste to landfill in both our Springdale, Ark. and Booneville, Ark. facilities. Our Montville, N.J. facility ended the year with a 1.3% landfill rate and due to the efforts in our Redditch, U.K. and Sheboygan, Wis. plants, our global waste-to-landfill rate is now below 20%! We're proud of all of the associates who had a hand in getting us here, and we look forward to the day we can say we've achieved 0% waste to landfill.

Ideally, Rockline would like to eliminate solid waste entirely from its production processes, but where this is not yet feasible or cost-effective, Rockline's goal is to handle waste in a way that has the smallest impact on the environment. Rockline has a three-tier prioritization system for handling waste: recycling, waste-to-energy incineration, and finally, if nothing else can be done, sending it to landfill. Through the first two tiers, we hope to derive the greatest, most productive benefit from scrap material and prevent it from reaching landfill.

Our landfill avoidance initiatives are captured in the landfill rate metric. To calculate our landfill rate, we divide the amount of waste sent to landfill by the total amount of waste leaving our facilities (which includes landfilled waste as well as recycled waste, waste incinerated for energy recapture, and waste donated for reuse).

## RISK

There are two closely related risks associated with landfilled waste. First, geographic space available for landfills and the overall desirability of landfills are decreasing. Second, as both space and desirability decline, landfill costs will rise. Landfill fees have already affected our U.K. facility. If a similar system were implemented in the United States, the costs associated with our solid waste disposal would have a substantial negative financial impact.

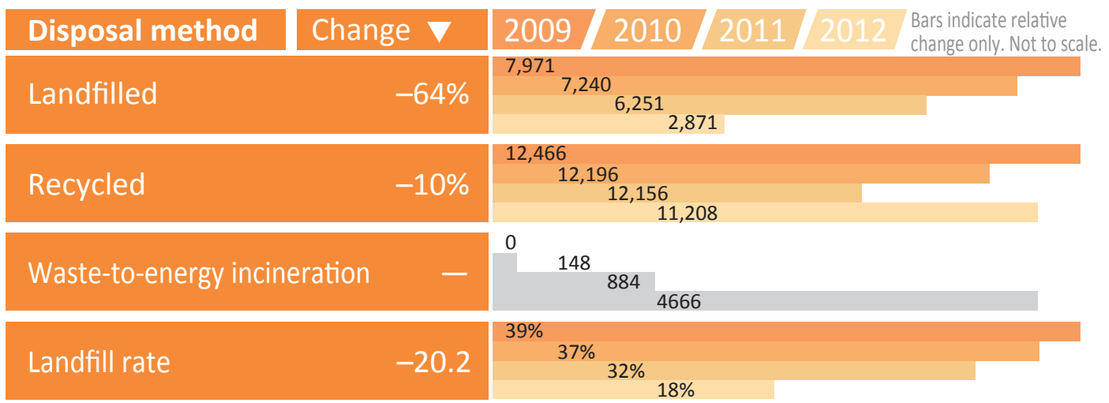
## OPPORTUNITIES

The greatest opportunity Rockline has in diverting waste from landfill is finding consumers downstream who value our waste. In 2012, we continued to meet with numerous companies who could consume our waste for a variety of uses. Our Wisconsin, New Jersey, and U.K. facilities continue to explore avenues for reuse of our waste as fuel pellets, secondary injection molding plastics for toilet seats and traffic cones.

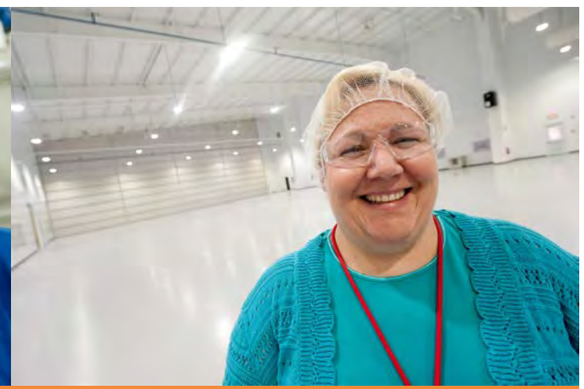
## INITIATIVES

*Our Sheboygan, Wis.* facility continues to make strides in diverting waste from landfill for alternate uses. Initiatives include diverting mixed blended nonwovens, bag tops from our coffee filter packaging, as well as the banding material that comes in with raw material shipments.

*Our Redditch, U.K.* facility has increased its waste-to-energy incineration efforts by consolidating office waste receptacles and exploring avenues for cafeteria waste. Landfill waste pickup has reduced to appointment pickups due to the infrequent necessity of landfill disposal.




All totals are in metric tons (MT). Landfill rate is the percentage of total solid waste that was sent to landfill. All percentages are 2012 versus 2009 baseline.



# TRANSPORTATION

2015 | **GOAL**

| | | |
|---|---|---|
| TRANSPOR-TATION | GOAL | -10% |
| | ACTUAL | -11% |

Per unit of production versus 2009 baseline

GOAL COMPLETED

## TRANSPORTATION

Rockline evaluates the environmental impact of its transportation operations by measuring greenhouse gas emissions from the outbound transport of finished goods. Rockline utilizes all major modes of transportation to ship finished goods, including truck, rail, ocean, and air freight.

For each of the shipping modes utilized, Rockline has established a per-tonne-kilometer greenhouse gas emissions factor. The factors for all modes are based on published sources, with the exception of less-than-truckload (LTL) shipping. As there is no standardized method of estimating carbon emissions from LTL shipments, Rockline adds a 20% premium to the truckload factor to account for the extra distance that LTL shipments typically travel.

Currently, outbound shipping is the only component of Rockline's Scope 3 emissions for which we have developed a comprehensive tracking system, and the only component for which we have set reduction goals. In the future, as standards for Scope 3 emissions continue to develop and our sustainability program continues to expand, we will determine whether to begin measuring additional Scope 3 emissions.

| Outbound Shipping | Change ▼ | 2009 | 2010 | 2011 | 2012 |
|---|---|---|---|---|---|
| Truckload | -33% | 89,626 | 75,997 | 69,804 | 60,155 |
| Less than truckload | -35% | 32,134 | 25,958 | 20,900 | 20,874 |
| Rail | +85% | 19,002 | 25,443 | 28,430 | 35133 |
| Ocean (container ship) | -29% | 21,520 | 16,808 | 7,830 | 15,261 |
| Air | -27% | 48 | 27 | 42 | 35 |
| Total | -18% | 162,330 | 144,233 | 127,006 | 133,958 |

Bars indicate relative change only. Not to scale.

All totals are in thousands of tonne-kilometers. All percentages are 2012 versus 2009 baseline.

| Outbound Shipping | Change ▼ | 2009 | 2010 | 2011 | 2012 |
|---|---|---|---|---|---|
| Truckload | –33% | 7,708 | 6,536 | 6,003 | 5,172 |
| Less than truckload | –35% | 3,310 | 2,674 | 2,153 | 2,154 |
| Rail | +84% | 608 | 814 | 910 | 1,120 |
| Ocean (container ship) | -29% | 280 | 219 | 102 | 200 |
| Air | -28% | 29 | 16 | 25 | 21 |
| Total | -27% | **11,935** | **10,258** | **9,193** | **8,667** |
| Per tonne-kilometer | -11% | 0.074 | 0.071 | 0.073 | 0.066 |

Bars indicate relative change only. Not to scale.

All totals in metric tons (MT) of $CO_2$-equivalent emissions, except for per-unit totals, which are in kilograms of $CO_2$-equivalent emissions. All percentages are 2012 versus 2009 baseline.

## RISKS

The primary risk associated with today's modes of transportation is the increasing scarcity of fossil fuels, which is causing the cost of transportation fuels to rise. The majority of Rockline's transportation is handled via heavy trucks and tractor-trailer vehicles, which use conventional motor diesel. The rest of our freight operations (air, rail, and ocean freight) also rely heavily on fossil fuels.



## OPPORTUNITIES

The opportunities for reducing the environmental impact of our transportation operations fall into three primary categories:

1) Ship less—both inbound and outbound.
2) Ship efficiently—favor efficient modes over less efficient ones.
3) Ship intelligently—leverage logistical solutions to reduce fuel consumption.

## INITIATIVES

Ship less—Optimizing raw materials and outbound shipments to ensure trailers are full will help reduce the frequency of shipments Rockline makes.

Rockline has also begun collaborating with suppliers to take truckloads of raw materials inbound to Rockline and reload these trucks with our finished products for delivery to our customers. This reduces outbound shipments from Rockline and reduces "deadheads," or empty trucks on the road.

Ship efficiently—in order to favor more efficient modes of transportation, Rockline continued to build upon the pool-point warehouse network we established in 2010. Pool-point shipping avoids the inefficient hub-and-spoke model of LTL by consolidating shipments that are destined for the same geographic region. Only after the shipments arrive in the region are they broken apart and given to local LTL carriers. This minimizes the use of long-haul LTL shipments. In 2011, Rockline completed its objective of establishing a national network of pool-point locations. This year, our Logistics group engineered pool orders in collaboration with customers who have orders due on the same day of the week within a geographic region, increasing the volume of pool point shipments and further reducing LTL usage.

Along with pool-point shipping, Rockline also continued its utilization of intermodal shipments. Intermodal shipments combine truckload pulls with rail freight to make long-distance shipments more efficient. By utilizing rail freight in place of standard trucks, Rockline can cut greenhouse gas emissions on identical shipments by up to 50 percent.

Ship intelligently—Rockline's logistics team is constantly seeking new ways to reduce fuel consumption and optimize shipments.

This year, Rockline has begun a new strategic initiative to convert the shipping containers used for Chinese-sourced raw materials from standard 40-foot containers to new 53-foot containers. By increasing the cubic dimensions of our containers, reducing the space consumed on ocean freight, and eliminating the cost of 40-foot drayage charges from the Port of Los Angeles to our facilities in Arkansas, we can significantly increase our transportation efficiency; it will only take us three 53-foot trailers to ship what would have normally required four or more 40-foot containers.

# RAW MATERIALS

## IMPACTS

As the use of Life Cycle Analysis and LCA-style thinking becomes more prevalent at Rockline, it is becoming increasingly clear that the greatest portion of our products' environmental impact is in the raw materials. At its core, Rockline Industries is a converter that processes and assembles raw materials into a final product. The energy and emissions generated by Rockline's operations pale in comparison to the energy and emissions required to supply those raw materials, such as extracting minerals, harvesting timber, drilling for petroleum and other fossil fuels, and converting all of these resources into usable raw materials.

**Our most significant raw materials are:**

Nonwovens, which are made of various fiber blends, including:

- Polyester fibers
- Polypropylene fibers
- Cellulose-based fibers

Packaging:

- Corrugated cardboard and other paperboard
- Mixed- and single-resin plastics, including:
  - PET
  - HDPE
  - Polypropylene
  - Various types of LDPE film

## RISKS

Any industrial process or consumer product that relies on fossil fuels is at risk. Consumption of petroleum-based resources continues to climb, and the supply is fixed, or possibly even declining. The majority of packaging and a great number of the fibers used in our products are derived from these increasingly scarce fossil fuels. If these trends continue, our materials will become more difficult and more costly to procure, driving up the cost of our finished goods and reducing the value we provide to our customers.

## OPPORTUNITIES

Rockline has several opportunities to improve the sustainability of its raw materials, and many of them start with our primary suppliers. Rockline can:

- Evaluate and engage our raw material suppliers to source and produce raw materials efficiently and from sustainable sources, including certified sources.
- Reduce waste at the operational level, which will increase the efficiency of our raw material usage (per standard unit) and allow us to extract more value from the same quantity of materials.
- Incorporate recycled and renewable inputs into our products. This will reduce or potentially even eliminate the demand for virgin raw materials, helping to stabilize unsustainable consumption trends.
- Redesign key components like plastic tubs to be lighter and use less material. Not only will this improve our material use, it will have downstream benefits like helping to increase transportation efficiencies and reducing the amount of municipal solid waste caused by our products.
- Design products and packaging to be recyclable or compostable. This, too, is an opportunity to reduce municipal solid waste, as well as to provide value to our customers who serve environmentally-conscious consumers.



# SUPPLIERS

## Supplier Relations & Green Score

At Rockline, we want to become an industry leader in sustainable thinking and innovation when it comes to products and materials. We have designed supplier surveys, implemented our Green Score product tool, and are now exploring supply chain mapping tools that will help us not only improve the sustainability of our own operations, but lead our industry in a greener direction, too.

## IMPACTS

Given that the biggest environmental impact in the life cycle of our products is in the sourcing and processing of raw materials, Rockline must look across the supply chain for improvement opportunities and partner with its suppliers to develop innovative solutions. Though Rockline tracks and works to improve upon the energy, waste, and water use of our own operations, collaborating with our valued suppliers will have the most meaningful impact on our product footprint.

## RISKS

Making products that are truly sustainable throughout their life cycle depends more on implementing sustainable practices across the supply chain than any other aspect of our program. If we fail to recognize our supply chain as a significant factor in our products' sustainability, then we risk missing one of the biggest impacts across the life cycle.

## OPPORTUNITIES & INITIATIVES

In 2010, Rockline began surveying the majority of our suppliers around the globe. This information has been used in developing the product scoring tool, annual supplier evaluations, and in analyzing the environmental sustainability maturity of our various raw material types.

Over the past two years, our focus has been on creating tools and methods for evaluating products and trade-offs in raw materials based on life cycle data and other factors. Last year, we committed to improving our understanding of our supply chain with respect to sustainability outside of the work we were doing with supplier reviews.

This year, we began to explore supply chain mapping and testing tools that track the footprints of our suppliers and allow for further sustainability-based decision making in supplier selection. It's a holistic approach to raw material sourcing—one that integrates the environmental impact of our supply chain, the everyday business of buying and selling, and the strategic impacts on and costs to our business.

# MANAGEMENT SYSTEMS

## IMPACTS

The culture of sustainability at an organization—everything from the emphasis that senior management gives to sustainability to its presence in the day-to-day lives of our associates—goes a long way toward determining the success of a sustainability program. Rockline can set goals, plan for life-cycle assessments, and build product- and process-improvement tools, but if these components are never implemented, our efforts are for naught. In short, people drive sustainability; they lead efforts to make us a better manufacturer, they start the discussions with customers and suppliers about positive environmental change, and they bring the insights that help drive our company forward.

## RISKS

Without a viable culture of sustainability, we risk being all talk and no action. We must consistently strive to keep our associates engaged and aware of sustainability if we wish to see continuous improvement in our organization. Additionally, unless we push ourselves to become consistently more sustainable, we risk failing to meet our customers' increasing expectations, and we risk losing a key competitive advantage.

## OPPORTUNITIES

With employee engagement, we can always do better. The biggest opportunity we have at Rockline is to develop effective and motivational methods that make sustainability personal and achievable for our associates, so that they become the biggest advocates for a greater culture of sustainability.

## INITIATIVES

**Sustainability Training.** In 2010, in collaboration with Lakeshore Technical College, we developed a Sustainability 101 training course. Over the past two years, we have worked to educate every employee within the organization on sustainability. Sustainability 101 has been incorporated into our new-employee orientation training and we have shared the curriculum with local businesses to help them develop similar training programs.

**Green Teams.** Each of our manufacturing facilities has a Green Team, headed by a Green Lead, who is responsible for tracking and implementing site initiatives and communicating updates about each site's progress to other associates. The Green Leads also meet with the Global Environmental Sustainability Coordinator, Logistics, and IT on a monthly basis to discuss updates on initiatives and metrics, and share information across the entire company. This year, Rockline incorporated Human Resources into the monthly meetings as HR is primarily responsible for employee training and communication programs.

# LOOKING AHEAD

**Thank you** for reading our report. We hope you have a better understanding of our efforts to reduce our environmental footprint.

The business expansion that took place at Rockline over the past year has made achieving our goals difficult at best. The upside to this expansion is that, because increases in emissions or increases in wastewater are a consequence of growing our business, I believe we will once again begin to see improvements in the coming year.

As we look ahead to 2013, we are two years from our 2015 goals deadline, the first mid-term sustainability goals in Rockline's history. We have our work cut out for us and we look forward to the challenge.

**We look forward** to the progress we will make in understanding our supply chain impacts, and integrating what we know about our products' impacts with the rest of our operations. We hope our efforts will result in products that not only satisfy our customers in price and performance, but also satisfy the need for environmental sustainability—products that require less energy to produce and generate less waste in the process.

**We also look forward** to completing the high-efficiency lighting system in our Springdale, Ark. plant's manufacturing area. We had previously installed the same high-efficiency lighting systems in the warehouse of that facility, and thanks to the efforts of our operations team, we will complete the task of removing wasteful halide lights from both of our Arkansas plants.

**We look forward** to the work of Alex Cormack, Manufacturing Director of our Redditch, U.K. facility, and his team as they look for innovative ways to reduce wastewater. Alex continues to ask the right questions and challenge the status quo, and we are optimistic that we will soon be able to implement his ideas on a global scale to reduce our wastewater and get Rockline back on track.

Lastly, **we look forward** to your feedback.

As a manufacturer, we are in the middle of a complex supply chain. But sustainable efforts at each link in collaboration with one another will help make the products that hit the shelf better for the planet and better for the consumer.

We appreciate the roles our stakeholders have played in the development and direction of our program and always welcome your input.

All the best,

Josh Eldridge

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