

Arandell Corporation Tier 1 Annual Report 2008

Introduction and Summary

Arandell takes the process of environmental stewardship very seriously. This annual report will review how Green Tier has transformed Arandell from being reactive on environmental issues to a company that is proactive on environmental regulations and stewardship. This past year has seen many successes and a few setbacks, but we are proud to report the successes far outweigh the latter.

Two thousand nine looks to be an extremely challenging year. Manufacturers like us are seeing increased pressure from any and all avenues. This reason alone will push the Green Tier committee to review the environmental aspects that waste natural resources and drive up costs. Some of these ideas surround heating in the plant and office areas; we will evaluate heat recovery devices, waste water and electricity reduction projects. We anticipate a very busy year.

The Green Tier Program at Arandell has been busy with several projects. These projects have centered on energy conservation, transportation, supply chain management and recycling.

We not only experienced environmental successes in 2008, but also saw an improvement in stakeholder involvement. Green Tier has proven to be an essential sales tool at Arandell. This past year, a client asked Arandell how it was making a difference in the environment. Arandell was proud to have the Wisconsin Department of Natural Resources as a partner at this sales meeting. Green Tier is a true partnership of government and business with a mutual goal of improving our environment. We see this as Arandell's single most important success story. Arandell has a lot more work ahead in 2009. We are confident we will be able to perform at an even higher level than 2008.

The areas in which Arandell will focus in 2009 will differ from those of 2008. The low-hanging fruit has been recognized. An area in which Arandell can become stronger is in its associate involvement. Our Green Tier committee has done a great job identifying the serious environmental aspects. We need to drive this down further to the associates. This takes time but can be achieved.

Our 2008 Successes

- I. Waste Minimization
 - a. **Reduction of shop towels:** The Pressroom has reduced the volume of rags used for clean-up. The reduction means a savings of waste water solvents and labor to centrifuge the liquid from the rags.
 - b. **Prepress chemicals:** Prepress chemistry is a by-product of making plates for the Pressroom. We investigated how we could further reduce the amount of product ending up in waste water. With the help of our supplier, Kodak, we have changed the plate material. This change resulted in a 43% reduction in chemistry usage annually.
 - c. **Plant oil mats:** The Bindery has worked very hard to reduce the clean-up of waste from the manufacturing process. Oil mats are used throughout the plant on all equipment. In the past, the disposal method has been to incinerate them. An EMS goal at Arandell is to reduce waste wherever possible. Through our supplier, Arandell found a company that provides a mat that can be laundered and reused. Recyclable oil mats will greatly reduce the amount of disposable mats used in 2009.
 - d. **Reduce and recycle silver and nickel:** Arandell no longer uses silver or any other heavy metal in the manufacturing process. Digital plate development is the standard that has done away with the need for conventional plate technology that had silver as a by-



product. Nickel, as well as all wastes, is completely recycled. In 2008, 5,889 pounds of nickel were recycled.

- e. **Reduction of VOC Emissions:** Maintenance and Bindery departments were able to eliminate use of 840 blanket wash, a solvent with a high vapor pressure, Immersion cleaner [carburetor cleaner] and Safety Kleen Gold Solvents [#150 solvent] in parts cleaners. Parts cleaners were transitioned to Aqueous water-based citrus cleaner-Extreme Kleen Bio-Clean 2000.
- f. **Year-to-Date recycled production waste** (UV covers, roll wrap, roll cores, metals, office papers, etc.): 45,074,744 pounds.
- g. **Year-to-Date recycled hazardous materials** (ink and solvents): 55,000 pounds.

II. Energy (Partnering with local utilities)

- a. **Carpooling Program** (Reduction of Greenhouse gas): Arandell is very proud of our associates' carpooling efforts. This is the first year the company has had a formal program that allows carpoolers to have preferred parking. We estimate fuel savings of \$1,500 - \$2,000 per person annually. We have seven carpool groups; 22 people in the program.
- b. **Rooftop Air Conditioning PMs:** By working with outside suppliers we were able to engage "Focus on Energy" to review how we can ensure that the air conditioning in the plant is as efficient as possible. With their help we were able to achieve rebates and have the most energy-efficient system ready for summer.
- c. **Natural Gas Usage:** Arandell was successful in reducing the amount of natural gas usage by the process heat boilers by 7%. This was accomplished by an audit from Focus on Energy. The audit found that an installation of a new gas processor would increase the burn efficiency of the boiler.

III. Forestry Certifications (Chain-of-Custody)

- a. **Tri-Certified:** In the fourth quarter of 2008, Arandell applied for the Sustainable Forestry Initiative (SFI) and Programme for the Endorsement of Forest Certification schemes (PEFC) chain-of-custody certifications. Passing an intense third party audit, the Company was granted both certifications in January 2009. The list of qualifications for each of these certifications is extensive. Some of the requirements include:
 - i. The ability to track paper from the moment it arrives at the plant to the moment it goes out the door as a finished product;
 - ii. A committed upper management group who conducts audits of the program at least annually;
 - iii. A constantly-informed associate pool of all disciplines, including Receiving, Customer Service, Press, Bindery and Shipping. All production associates need to know what needs to be done in order to maintain certification on each and every project.
- b. In 2006, Arandell was recognized for its commitment to sustainability with the Forest Stewardship Council chain-of-custody certification.



- c. Having all three of these certifications classifies Arandell as a tri-certified printer. Adding SFI- and PEFC-certified papers to our product offering gives clients the opportunity to be more selective in choosing paper that aligns with their environmental objectives.
- IV. Transportation
- a. **SmartWay** (a U.S. Environmental Protection Agency program): Through its market-based approach, the partnership offers participants the opportunity to improve energy efficiency, save money, reduce greenhouse gas emissions and improve air quality. SmartWaySM partners use freight carriers who are improving their own fuel efficiency, while also improving the efficiency of the shipping and receiving operations. By joining SmartWaySM, Arandell commits to the following:
 - i. Increase the percentage of freight shipped by SmartWaySM Transport Partnership carriers;
 - ii. Measure the greenhouse gas emissions of its operations using the FLEET Performance Model;
 - iii. Identify goals to reduce the greenhouse gas emissions from freight facility operations;
 - iv. Develop a plan, detailing how each of these goals will be achieved;
 - v. Report progress toward achieving each of these goals to the EPA annually.

