



2014  
Sustainability  
Report

# Lauterbach Group Sustainability Report

January 2015

This report is designed to educate all stakeholders of the Group's continual efforts towards sustainability. We have done a tremendous job at improving sustainability here at Lauterbach Group, but in order to keep improving we must know where we stand. First, we must define sustainability in order to understand what this report hopes to communicate. Sustainability is "the capacity to endure", encompassing the sustenance of our business, our employees, and our world. So why is sustainability important for Lauterbach Group? An emphasis on sustainability will prolong our business for the future, lower costs, create a more rewarding working environment, and protect our world. Efficiency can be improved through better allocation of resources, while we simultaneously help lower our footprint on the environment. This report's relevance lies in raising awareness of sustainability efforts to people within our Group, educating our clients, and supporting our suppliers' and other Wisconsin businesses' sustainability through example. We believe in complete transparency at our Group and this report will look to highlight both our strengths and our weaknesses in sustainability. The Lauterbach Group currently sustains commendably and this report displays these successes as well as suggests possible methods for improvement.

The standard for sustainability reports lies in the Global Reporting Initiative (GRI). The GRI is the template for businesses creating extensive, formal sustainability reports. However, the GRI template exists mainly for very large businesses and due to our smaller size is inappropriate for our sustainability report. A lengthy GRI report is more in depth than necessary for our Group and contains data not recorded here at Lauterbach Group. Therefore, this report follows many of the main concepts of GRI reporting, specifically the triple bottom line, but less in depth and leaves out unnecessary or unavailable data and formalities. The triple bottom line concept declares that everything a company does impacts one or more of these three areas: economic, social and environmental. The benefits or consequences of all actions here at Lauterbach Group either affect our economic prosperity, social accountability, or our environmental stewardship or a multiple of these. All sustainability efforts will be categorized into one of these three areas in this report for organizational presentation. Additionally, this report will follow the structure of explaining current sustainability efforts and data, then establishing goals for that bottom line in a year's time, and lastly stating what steps our Group will explore in order to improve and reach those goals. After all, if we can't decide where and how we can improve this report does not provide any benefit to the Group.

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## **Social Sustainability**

Lauterbach Group is a product marking and visual asset management company fueled by an unrelenting conscience to protect and evolve the clients brand so it is truly prepared to live and thrive at every vulnerable touch point! The clients experience is just as important as the products we make. We happen to make excellent products, but we are first committed to a positive business experience with everyone in our supply chain and we firmly believe in creating an exceptional rewarding client experience through ease of doing business! We have established customary methods to determine client satisfaction for products and services which aid in defining future improvement initiatives.

A vital aspect of our business is our social bottom line; we believe that our interactions with our members, our community, and our supply chain all reflect the businesses social sustainability. The Group has been and remains a leader in social sustainability. Here at Lauterbach Group, the social experience with members, community, supply chain, and our environment is just as important as the products we create.

### **SUPPLY CHAIN**

The Lauterbach Group selects business suppliers based on typical supplier qualifications such as: business practices, product quality, and on-time delivery. Though in order to become a Key Supplier with the Group the evaluation criteria converts to a thorough business process and audit review. The idea is to align ourselves with suppliers who can add value and align with our business directives; we evaluate our key suppliers for: social and/or community impact, environmental performance initiatives, physical location (corporate business and/or warehouse locations), food safety activities, use of clean technologies, streamlined communications systems, transportation and logistics, packaging innovations, positive work environment for employees, and their ability to provide product expertise as well as implement value added processes to better service the client's needs. The evaluation process is to align with suppliers to ensure our clients get the best possible products and services we can negotiate!

Last year alone we purchased from 62 different suppliers located in 11 different states; 16 of those 62 suppliers are considered key suppliers which actually reflected 95.8% of all supplies purchased. For an in-depth procurement analysis please see the Economic Sustainable section for our supply management analysis.

### **COMMUNITY**

Community can be defined in many ways depending on your views; we define it as a social alliance, an occupational arrangement with common interests groups and our regional location. We are a Group committed to the social wellbeing of members, our supply chain, associated industrials, affiliations and partnerships, the municipality where we reside, and overall the environmental global health. We see our commitment to the community's social wellbeing as a cornerstone to good business accountability which is driven from defined business policies and practices, community support structures, and environmental stewardship actions.

The Sussex area is an extraordinary place to work, live, and play and we want to do our part to participate in our community's triple bottom line. With our exceptional business policies and practices, a true desire to be environmentally transparent, and by reducing our overall footprint is just another small way the Groups supports the health and wellbeing of our community. We are dedicated and committed to treating our production waste water to reduce water treatment actions by the municipality. We have been and currently are very involved in the community through multiple community donations and service projects. Lauterbach Group has made significant community investments in the public library, recreation programs, and various local and village parkway systems. The Group has not only sponsored village anniversary celebrations and run/walk activities but members have supported those activities through Group participation and registration contributions. We have a thriving workplace and have received many awards for our community support efforts; we recently received the Successfully Sussex Award for our "extra efforts to make Sussex a better place to live, work, and play". Sussex is truly an excellent community for us and our future growth! We source from local suppliers (wherever possible) to reduce our carbon footprint, for fun day activities, group sponsored lunches, production, maintenance and supplies needs.

Efforts to support the global community are seen as opportunities to extend our support outside our local community. We are an outstanding member of Flexographic Technical Association (FTA) and Tag and Label Manufacturing Industries (TLMI) and actively participate in developing systems to aid and help the flexographic and tag and label manufacturing industries, as well as participate in training activities, industry webinars, and even arbitrating yearly awards. We are recognized as a company that goes beyond regulatory requirements by the State of Wisconsin's DNR with our acceptance into the Green Tier Program. While members actively support and participate in related Green Tier sponsored sustainable events. We are participants in the Green Master program promoting Wisconsin business sustainable initiatives; truly outperforming many larger companies. We promote environmental health by residing in a LEED Silver certified building [US Green Building Council (USGBC)] to lessen our footprint and our impact on the natural environment. We are dedicated and continue to support the American Heart Association's, 100 Holes for Heroes and the Susan G. Komen Foundation for Breast Cancer on a yearly basis.

Our Group strongly believes in education and the education of our next generation! Not only do we provide members with monthly safety and educational training we host internships throughout the year in many workforce areas, including: Accounting, Sales, Marketing, and Graphical Design. Throughout the school year we work directly with the local high schools to provide employment and on the job training. During summer months we offer temporary work to high school and college students alike. We offer high school seniors a \$1,500 Group Forward Scholarships for member's college bound scholars. Members' actively and enthusiastically participate to provide training at recognized educational, environmental, and sustainable conferences, colleges, and associated industries. We have received the Best Workplace in the Americas Award for "creating an environment where members can thrive along with the business through sound human resources practices".

## MEMBERS WORK ENVIRONMENT

We have an exceptionally friendly working environment, which establishes a healthy dialogue between Group members where all are encouraged to contribute their ideas and suggestions. The Groups' conviction is to obtain a fresh perspective for ideas from those that participate directly or indirectly in the business practice or activity. Hence, the no door policy creates an open dialog environment where all ideas to drive improvements are welcomed. Literally speaking though, we have no doors which further aids in reducing our heating and venation costs. If members are not comfortable with the "no" door policy we encourage our members to submit cost saving improvements for business production practices and activities to thru the Applied Principle and Amplio submissions systems. Additionally, the Wishbone board is a place where brainstorm ideas are encouraged; members are asked to formally write-up and submit those "storm" ideas for change and/or cost saving opportunities. Providing an exceptional client experience is an essential part of service and doing business, which is exactly why we encourage members to recognize other members that surpass professionalism thru the Outstanding Service Recognition system.

Excellence in hygiene and sanitation policies and practices is required throughout the facility. Workstations, training rooms, conference rooms, and the cafeteria all are stocked with hand sanitization systems. Reminder signs to wash hands and sanitize are strategically placed throughout the facility. Each member receives a Group Members Handbook (employee handbook) upon hire from the Human Resource Administrator who additionally provides updates and changes to the manual yearly and/or as deemed necessary. The members' handbook helps to define Group policies, practices, and the compensation and benefit package, as well as other relative information. To drive home our values members are provided with a personal hand sanitizer with carrier, personalize closed cover drinking mug, and the current year's business Vision card upon hire. The Vision card is created yearly to help communicate the vision, mission, values, and the defined goals and objectives for the Group. Group member's compensation and benefits package consists of:

- Complete Insurance Package (medical, vision, dental, life, and short term and long term disability)
- Generous 401(k) Retirement Plan
- 529 College Savings Plan
- Generous Universal Time Off
- Paid Holidays
- Education Reimbursement
- Attractive Office Environment
- Internal Growth Opportunities
- Paid Uniform Service
- Continuing Professional Education
- Group Sponsored Smoking Cessation Programs
- Group Sponsored Fruit Mondays, Luncheons, Snacks, and Beverages
- Group Sponsored Professional Association Membership and Training
- Group Sponsored Wellness Programs
- Group Sponsored Service Awards

## Member Safety

Safety awareness is everyone's business! Fortunately, for us our monthly safety education, safety reviews, and near miss activates appears to be proactively identifying potential risk hazards and addressing improvement actions before an incident or fatality befalls the Group. Our Safety Policy manual is reviewed annually by Human Resource Administrator and Safety Manager to determine if practices must be changed and/or updated according to governing directives. Every January we review our evacuation polices to ensure that leadership, supervisors, members, and guests are instructed for proper evacuation practices and activities.

Lauterbach Group pays great attention to creating a friendly and rewarding work environment for everyone and safety plays a vital part in our workplace practices. Group safety policies and practices are in place to keep members, guests, contractors, and our environment safe. Our state of the art and comprehensive environmental safety system throughout the facility is ready for any and all situations. All new and long-standing members undertake a rigorous and attentive safety program daily, monthly and annually to raise safety awareness and keep members safe. After all, the first step to safety is awareness and we understand that safety education is significance in driving that awareness. The idea is that Group members should be able to recognize potential hazards, properly address hazards and respond to potential accidents. If an accident does occur we have a team of first responders that address and contain the incident until the appropriate professional response team appears on site. Our mandatory monthly safety training (videos presentation format) has an accompanying quiz to verify member's retention of the safety education. Members are required to review the educational training until they receive a passing score of 70%. Ongoing virtual training continues to educate and remind members' that safety and eliminating hazards is our first priority.

In November of 2011, we established an innovative near miss reporting program where members are to report any event that could be a potential danger, hazard, or accident, even though no mishap, misfortune, disaster has taken place. We believe a near miss reporting program proactively aids in eliminating safety concerns which is better than any reactive safety system. In order to ensure everyone's safety we must remove and fix potential hazards before an accident occurs, not after. Near miss reports are evaluated and addressed for correction and prevention. Near Misses are posted and reviewed with members during standup shift meetings and during near miss walk-a-rounds' that drive and raise awareness of identified risk or damage and what specific corrective measure were taken to correct and eliminate the potential risk or danger. The total Near Miss risks identified are documented in the chart below according to year of occurrence and area identified:

2011	2012	2013	2014
Press Room 2	206 Press 1 215 Press 22 216 Press 2 225 Press 1 Ink Room 1 North Mezzanine 1 Press Room 12 Warehouse 4	206 Press 1 215 Press 3 216 Press 3 Axillary Equipment 1 Core Cutter 1 Core Cutters 1 Ink Room 3 North Mezzanine 1 Plate Mounting 1 Press Room 5 Shipping/Receiving 1 Wash-up 4	206 Press 6 207 Press 1 215 Press 4 216 Press 3 Maintenance 1 Plate Making 2 Plate Mounting 2 Press Room 2 Wash-up 1 Finishing Area 1
<b>Total 2</b>	<b>Total 44</b>	<b>Total 25</b>	<b>Total 23</b>

Near Miss risks are spread out around our factory with the majority of potential problems being identified in the operational area. Below is a 2014 snapshot of every Near Miss risk recorded (blue triangles) which can assist with understanding where risks are being identified and if there is an amplified area of concern. Near miss occurrences were overall identified near or around Press 206; review of identified risks concern includes: item location placement and chemical management practices.

### 2014 Recordable and near-miss accidents



## Building Security

Building security helps to keep our members and products safe! Building access is restricted, controlled, and monitored using an electronic security key pass system. Every individual is issued their own security key pass based on working hours and access restrictions. Policies are in place to ensure that visitor and contractors are provided with an onsite member chaperone and that they understand our environmental, health, and cleanliness practices.

## Hygiene and Cleanliness

To guarantee and maintain facility cleanliness policies and practices are in place to insure that cleanliness is maintained throughout our office and operational areas. Health, Safety, and Hygiene practices are not just defined for our members, guests, contractors, and supply chain, we insure that products produced are developed and manufactured under the same ridged restrictions to protect products produced.

## Regulatory Reporting

Social sustainability means not only do we conscientious comply with regulatory requirements we make every efforts to surpass those requirements affecting members, guests, contactors and the community. Regardless of the regulatory requirements we believe that proper application of guidelines and standards helps drive safe practices in the Lauterbach facility. Regulatory compliancy is minimally required; showing exceptional superiority in the application of regulatory guidelines is expected and anticipated! Our safety record alone reveals the Group's commitment to keeping members, guests, and contactors safe!

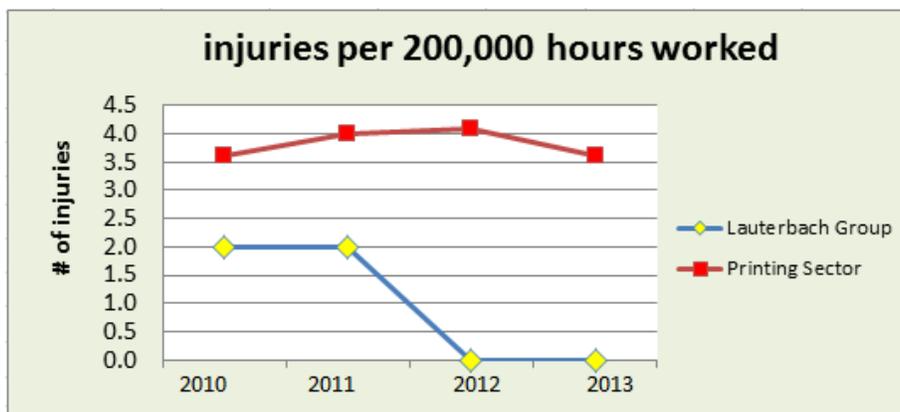
United States Department of Labor provides workplace safety knowledge, education and in addition provides data to compare labor safety practices against similar business. If our recordable safety occurrences or incidents are symbolic of what our future will be like, we are definitely are on the right track. With "Zero" occurrences and no lost time in the past 4 years we remain on track to celebrate 5 years in July 2015. Labor comparison data confirms we offer members, guests, and contractors a safe workplace as we now lie below the Wisconsin Private Industry, Printing sector averages in incident rate for the past four years.

Area	Sector		Industry							
Private Industry, Wisconsin	Manufacturing		Printing and related Support Activities							
Year	2010		2011		2012		2013		2014	
Case Type	Lauterbach	Private Industry	Lauterbach	Private Industry	Lauterbach	Private Industry	Lauterbach	Private Industry	Lauterbach	Private Industry
Total	2.0	3.6	2.0	4.0	0	4.1	0	3.6	0	not available
Days Away	12.3	0.8	1.0	0.9	0	1.1	0	1.1	0	
Job Transfer/Restriction	59.4	1.1	0	1.2	0	1.1	0	1.1	0	
DART	71.7	2.0	1.0	2.1	0	2.2	0	2.1	0	

Note: The incidence rate of injuries and illnesses is computed from the following formula: # of injuries and illnesses X 200,000 employees hours worked = incidence rate. (The 200,000 hours is the formula represents the equivalent of 100 employees working 40 hours per week, 50 weeks per year, and provides the standard base for the incidence rate.

The drop in workplace incidents coincides with the institution of the near miss program established in 2011. In 2012 we generated safety walk-a-rounds to accompany safety mindfulness and in 2013 we additionally instituted monthly an online safety education with related comprehension quizzes. At the end of 2014 we additionally added print industry education with accompanying reviews to insure that educational training is motivating learning.

We believe much of the decrease in workplace incidents has to do with the ability to raise safety awareness and prevent accidents before they happen. In addition to the decrease in workplace injuries and illnesses, we are proud to be able to say we have had zero fatalities in the history of our company. Our injury rate per 200,000 hours worked has decreased since 2010, showing a positive trend towards a safer workplace here at Lauterbach Group. Our increased commitment to the near miss program, safety orientations, online safety education and walk-throughs has paid off in creating a safer work environment that allows for productivity and success. Overall our safety practices, injury incidences, injuries per employee, and total days away from work (work related incident) only service to demonstrate our commitment to keep our members, guests, and subcontractors safe and our ongoing wish to drive “safety first” preference.



## **FUTURE GOAL**

1. Reduce non key supplier purchases by 2%
2. Institute 2 new community outreach programs.
3. Create member driven sustainability idea system
4. Continue as a Zero workplace injury and illness facility

## **SUGGESTED ACTIONS FOR IMPROVEMENT**

1. Reduce non-key supplier purchases
  - a. Reduce warehouse purchases
  - b. Reduce production needed supplies
2. Improve Community Outreach
  - a. Contact local government to discover community's outreach needs.
  - b. Contact local school systems for needed outreach programs.
3. Create members driven Sustainability idea system
  - a. Sustain the sustainability quarterly newsletter.
  - b. Establish a member's sustainability ideas system.
  - c. Generate specific environmental training, awareness and commitment.
4. Zero Workplace Injuries
  - d. Continue to emphasize near miss program and monthly safety training
  - e. Encourage members to report near misses for every potential hazard they identify.
  - f. Establish reward system for reporting near misses, immediate action taken and measures taken to ensure the potential hazard is corrected and/or prevent from reoccurrence.

## **Economic Sustainability**

We are all aware that demand will drive commodity costs and organizations must remain cost compensative to stay alive in a global economy. Therefore, to be a cost efficient business we must look for ways to reduce costs associated with financial burdens. Lauterbach Group has determined that economic prosperity advantages do stems from three key areas of business: supply chain management, improve business practices, and waste management. A true understanding of our supply chain, business practices and waste streams was (is) a critical feature to fully embracing cost reduction needs, while continually lowering our effects on the environment. Business expenses are being reduced in many areas, due to our commitment to effectively use materials, supplies, and reduce natural resources used. Though, further cost reductions initiatives lie in many of our essential business activities: client management, order management, procurement, Production, and waste reduction. We understand that reducing costs thru solid partnerships will save money, allowing us to keep our pricing competitive. Economic prosperity (financial bottom line) is all about creating solid partnerships with member, suppliers, and clients to aid and drive cost downward thru the reducing, reusing, and recycling model.

### **SUPPLY MANAGEMENT**

Supply chain partnerships are the primary element for providing our clients with product marking and visual asset management. These key supplier partnerships helps drive a powerful streamlined, collaborative, and competitive advantage to our clients and the marketplace. This collaborative and strong commutative partnership has helped to develop, implement, efficient and economical service offerings to our clients. We offer digital technologies in a variety of platforms to integrate and streamline practices for: order placements, purchasing, art management, inventory turns, product release, educational and industrial support. We are all about getting connected, creating intelligent accessible information to rapidly respond and react fully to our clients, members, suppliers, and marketplace needs. Digital enhancements are seen as a disruption in traditional operational practices. The approach is not to create a fundamental digital connection; it is about creating a unified physical flow, for shared information, educational talent, and material needs across multiple platforms. With social media, mobile communications, and cloud computing reinventing our supply chain strategies is essential to management practices.

#### **Procurement (purchasing)**

Key suppliers have help create critical partnership for creating our powerful streamlined, collaborative, and competitive advantage. Reduction in suppliers means we can work extensively with our suppliers to provide our clients with the best possible solutions through those strong partnerships. Below is breakdown of our purchasing activities:

<b>2014 TOTAL SUPPLIERS</b>	<b>62</b>	<b>2014 KEY SUPPLIERS</b>	<b>16</b>
% of Total Purchases w/130 miles	94.3%	% of Purchases To Key Suppliers	95.9%
% of Suppliers w/130 miles	72.6%	% of Key Suppliers w/130 Miles	75.0%
% of Suppliers in Wisconsin	33.9%	% of Key Suppliers Purchases w/130 miles	91.5%
% of Total Purchases in Wisconsin	25.7%	% of Key Suppliers in Wisconsin	25.0%
		% of Key Supplier Purchases in Wisconsin	25.4%

Key Supplier purchasing assists and directly supports our policies and activities related to our environmental control efforts, economic prosperity, and community support initiatives while developing partnership advantages through take back, trace back, and electronic interfacing activities.

## Clients

Our business vision and mission are all about focusing our daily activities to protect and enhance our clients brand by eliminating their vulnerable touch points. We recognize that client partnerships are just as critical to reducing waste and expenses as are key suppliers. We work directly with our clients to enhance their experience with the Group to aid with product development and provide additional service to include: color management, material selection, freight management, prototyping, tooling, design, art alternations, and packaging needs. The idea is we provide an entire body of efforts to produce a specific product for our clients. The table below shows that 98% of our clients are registered users for OmniMark™, anytime and anywhere network access is available. Interactive Preflights™ (IPT™) were performed for 82% of all new orders while providing clients with added press platform education and art instructional needs. Typical discussions include: brand marking, layout, color, press platform, improve marking selections, and streamline process prerequisites all in an effort to drive cost savings for the clients production needs. What this means is there is a true reduction in the use of snail mail, site visits, interpretation errors, and art make ready needs; saving time, money, artwork alterations, error proofing, and the related greenhouse gas emissions.

<b>OmniMark™</b>	<b>Years</b>	<b>Total Direct/ Prime Clients</b>	<b>Clients on OmniMark</b>	<b>% of Clients Registered OmniMark</b>	<b>% IP™</b>
	2014	122	119	98%	82%
	2013	80	71	89%	76%
	2012	83	56	67%	-----
	2011	76	8	10%	-----
	2010	77	0	-----	-----
<i>Mail Product Line Clients Exempt</i>					

Where developed by contract our clients can manage orders, jobs, inventory, and release needs via software interfacing technologies.

## IMPROVE BUSINESS PRACTICES

Efficiency remains critical here at Lauterbach Group through the Lauterbach Productivity System. Lauterbach Productivity System is a Plan→Do→Check→Act systems that monitors and analyses key business practices for mistake proofing, eliminating wastes, and improved efficiencies. It really is all about continuous improvement! Productivity and practiced efficiencies can always be reviewed, improved and/or enhanced based on simple practices: resource management, technology use, materials, equipment, product flow, wastes, and cost saving or revenue generated practices. Monitoring and improving practices is not only the right thing to do it has driven our economic prosperity; thru reduction of natural resource, less supply use, simplified practices, member collaboration, etc. while creating transparency as a way of doing business.

### Digital Press Platform

Every effort is made to reduce the cost of operational practices. In 2014 we added a digital printing and converting center, which allows for a 24 hour turnaround time from order approval to shipment of goods and services. The job setup is reduced to the push of a button instead of the traditional print setup time of 4 hours and it is noteworthy to mention the press platform uses less electrical use than other press platforms; it practically eliminates spoilage waste, provides a consistent ink flow, reduction in supplies needs, simplifies batch processing and consecutive printing.

### Water Consumption

Lowering water usage saves money on business operational expenses. This is a simple idea, yet requires water management, distinct equipment, defined practices, water conservation and reclamations activities. The lower the amount of water consumed and discharged equates to a cost savings. Commercial cleaning practices are performed using environmental green cleaning supplies and practices that require very little to no water use. We have no storm drains; displaced rain waters are managed on site by way of French drains and very small rain garden. Rain waters are collected in receptacles to help provide an added water source for the low growing natural vegetation during times of drought, therefore we have no need to use clean water sent directly from the Village of Sussex to help maintain our landscape vegetation. We use low flow motion detection facets, dual flush toilets, and motion activated urinals to conserve on water use. In the operational area we have improved activities to conserve water usage by simplifying job cleanup and wash up techniques.

Year	2011	2012	2013	2014
Total Water Costs	\$4563.62	\$5180.67	\$5058.08	\$5317.63
Total Gallons of Water Consumed	408700	474600	449899	472998
Revenue Dollars Increased 2011	-----	15%	13%	3%
Gallons Water Treated	45000 gal	86250 gal	56250 gal	50000 gal
Pounds of Solid Waste Removed	4388 lbs	13156 lbs	5355 lbs	5067 lbs
% Water Used For Production Cleanup	11.0 %	18.2 %	12.5 %	10.6%

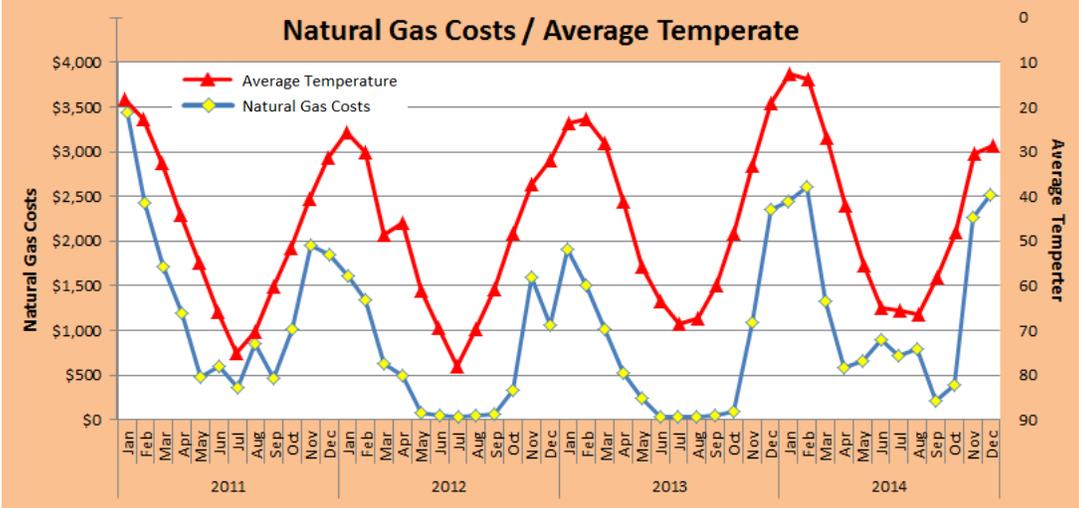
Over the past four years of monitoring water usage we were on a steady decline in our water usage per revenue dollars in both the operational area as well as the corporate administrative center. Our 2014 data is compromised due to several water failures: 4 motion detection faucets failed to shut off with an average 18 hour continuous flow, 3 dual flush mechanical failures caused toilets to continually run for an average 24 hour flow, and to top that, we experienced a main water pipe break over the Christmas holiday shutdown. The damage affects were wide spread to approximately 33% -35% of all administrative workspace area, with over 5 inch of water at its deepest point down to 2 inches of water in the less affected areas. Even with the loss of clean water we reduced the amount of water used since 2012 in both water usage tracking areas: production cleanup and corporate administrative.

### Energy Consumption

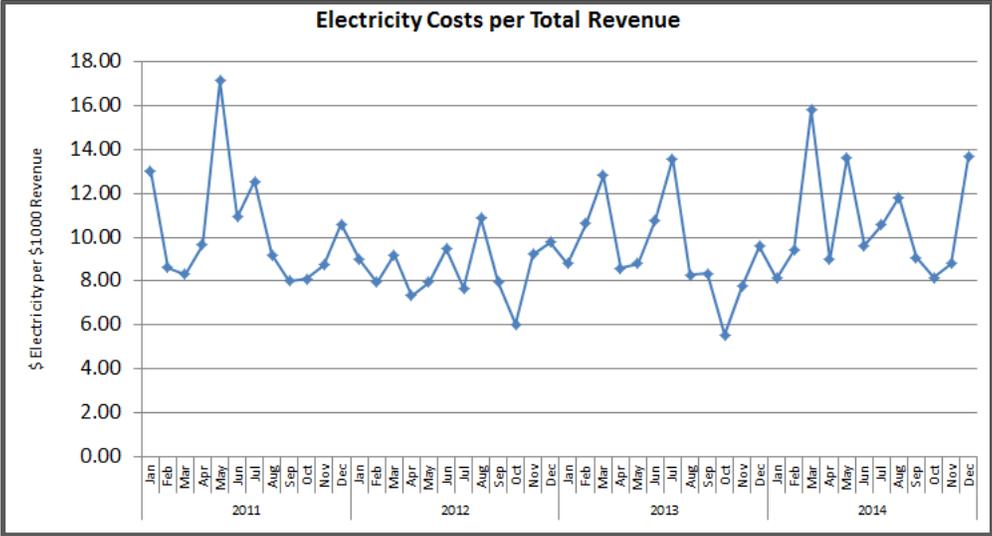
Not only does lowering our energy usage lower our impact on the environment by way of emissions, but it conserves our natural resources and saves the Group money on energy costs. Electricity costs have remained relatively stagnant over the last two years with a slight decrease in energy costs, but opportunity to save large amounts of money exist in lowering our natural gas and electrical usage. Our natural gas usage decreased substantially from 2011 to 2012, and continued thru 2013 with an increase in 2014.

Year	2011	2012	2013	2014
Gas Costs	\$ 16366.40	\$ 7309.00	\$ 8867.42	\$ 15388.83
Gas Cost Reduction	-----	\$ 9,057.40	\$ 7,498.98	\$ 977.57
Total Therms	19371	8874	11345	16702
% Reduction in Therms	-----	54.19%	41.93%	13.78%
Average Yearly Temperature	47° F	51° F	44° F	43° F

The high usage in 2011 was strictly relating to air flow system not working at its optimal manufacturing provisions. The reduction in natural gas has remained substantial due to the recalibration and minor repairs of our HVAC system in 2012. The increase in natural gas usage in 2014 was due to the Heating and Air Conditioning systems working in opposing and conflicting conditions which correlates and corresponds to job role changeover and role responsibility training demands.



The Group's has defined policies, practices, and purchasing activities that outline actions to conserve on energy usage and to ensure that certified energy system technologies are the preferred procurement choice. We make many efforts to reduce our electricity usage thru: motion detection lighting systems, software controls to utilize natural lighting conditions; solar energy, energy efficient computing systems, utilization of computer sleep and auto shutdown controls, virtual servers, high efficient cafeteria appliances, and strategic production scheduling. Increase in electrical use over the past two years is reflective of new press platform technologies added to the Group's portfolio.



Year	2011	2012	2013	2014
Total Costs	\$ 151736.27	\$ 149472.67	\$ 154300.66	\$ 158136.81
Total KWH	1329900	1307100	1339500	1366500
Revenue Increases	-----	17.9%	14.62%	3.19%
% KWH Increase	-----	-1.71%	0.72%	2.75%
Average Yearly Temperature	47° F	51° F	44° F	43° F

## **WASTE MANAGEMENT**

The whole idea behind waste management is to streamline processes to keep lowering wastes throughout our business practices, while improving product quality, lowering related expenses, and providing an exceptional client experience. Waste is anything that affects our profitability directly or indirectly. By eliminating those undesirable wastes we actually support effective and efficient process controls, whereas reducing associated resource expenses and wastes. Our members are our greatest assets; they are the critical feature in helping to improve and reduce waste in all our activities. Educating our members is a key focus point to making the largest impact to identify, simplify, and streamline system activities to reduce waste. Our two main waste management tools to empower members to identify and remove wastes are: 3R's (reduce, reuse, and recycle) and 5S's (sort, shine, set in order, standardize, and sustain). These two methods help our members to identify and eliminate undesirable waste in their essential business activities: client management, purchasing, manufacturing, natural resource use, and process waste). We have shown considerable improvement in reducing costs associated with supply use, process needs/controls, and our ability to reuse or recycle waste. The waste management concept model has been identified and classified into five key areas of interests: materials, pallets, press spoilage, plate spoilage, and setup reduction; these five key areas assist members with staying focused on our specific business waste activities..

### **Material Waste**

Our efforts to minimize waste materials sent to landfill only helps to demonstrate the Group's desire to be stewards for the environment, while ideally reducing our waste expenses. We attempt to create zero waste yet our main force is to reduce, reuse, and recycle as much as possible. Key factors that help reduce waste costs are concepts driven from Lean manufacturing initiatives. In the past four years our steady decline in wastes created throughout our business practices has had a substantial impact in reducing our total waste sent to landfill. Recycling and refurbishing initiatives continues to divert landfill wastes in spite of the limited recycling and refurbishing plants in the state of Wisconsin. (It really is about reducing waste not just diversion from landfill.) Reduction in waste revenue has declined since 2012 with the reduction of refurbishment facilities in Wisconsin. Regardless, the Group continues to find avenues for our affected waste streams enduring with our environmental stewardship principle; reduce waste and divert from landfill! Recycling really is only a small step in reducing waste to landfill, our main focus is reducing the waste from its source creation.

In 2011, 2012, and part of 2013 we worked directly with a recycling warehouse that distributed our waste streams generating substantial revenue for the Group. Due to restructuring of the recycling warehouses this type of revenue recycling is no longer available to the Group. Our current recycling initiatives are spread across multiple vendors and facilities designed to refurbish, recycle and reprocess particular wastes; though our waste diversion does not drive revenue as in the past, it still diverts those waste from landfills. Diverting wastes from the landfill is profitable to the environment! The following data tables show costs associated with our waste management practices:

Waste Analyses	2011	2012	2013	2014
\$ Landfill Waste	21,233.47	20,096.17	21,566.94	15,840.10
\$ Earned Recycling	-7,484.04	-10,873.80	-7,468.56	-580.57
\$ Spent Recycling	0.00	0.00	6,733.56	8,599.60
Total Waste \$	13,749.43	9,222.37	20,831.94	23,859.13

Waste Annualize Comparison	2011	2012	2013	2014
Annual Service Rate % Increase Cost		3.85%	11.79%	19.44%
Equalization \$ Spent For Landfill Waste	21,233.47	19,322.47	19,024.20	12,760.78

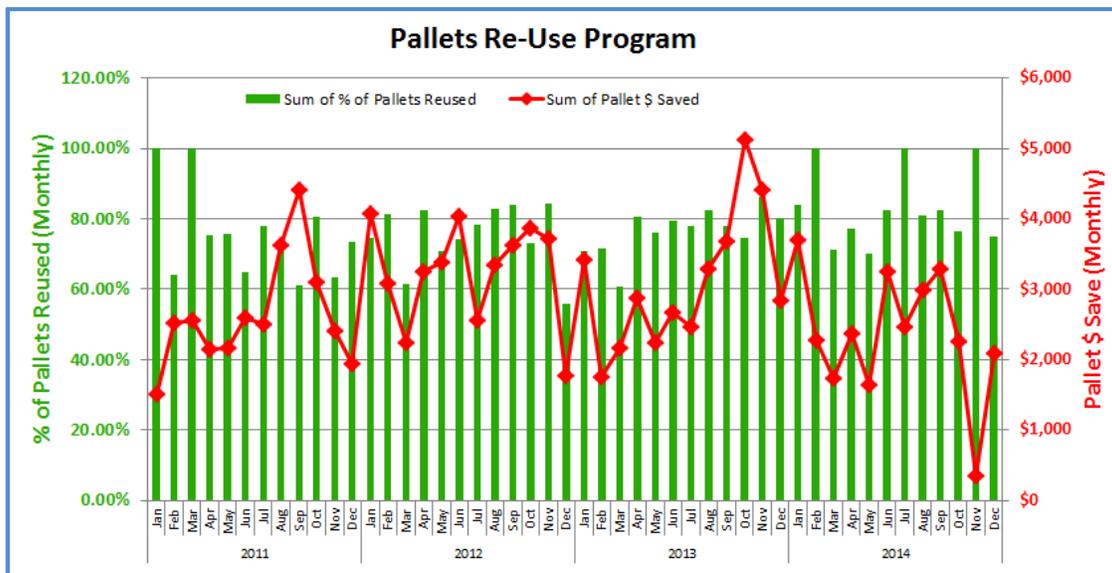
While our first priority is to reduce the amount of waste created, we will continue to seek out alternative recycling options to reduce our landfill waste, while ideally creating waste profit. Without even annualizing landfill costs we can see a 25% reduction in dollars associated with servicing landfill waste. Though to get the true picture of landfill waste reduction it is essential to normalize/equalize the service costs associated with wastes. In the above table we define our service rate increased per year since the baseline year (2011). If service costs would have been stable across the four year we could annualize that to show that in 2014 we actually reduced waste dollars sent to landfill by 40%, 2013 we would have seen a 10% reduction in cost, and 2012 would have been a 9% reduction compared to 2011 based line year. As waste stream costs increase year after year it is important to note that dollars spent on waste does not necessary reflect the true waste reduction for our waste management efforts.

As we continue to search for suitable ways to reduce material waste, we anticipate continued waste reductions from process simplifications efforts. Further reviews on dollars associated with recycling wastes will need to be normalizing to obtain a true assessment of costs based on revenue generated since 2011. If our recycling efforts were not involuntarily affected in 2013 our assessment for offsetting costs associated with revenue would be clear evidence of economic benefit of recycling and refurbishing wastes.

### Pallet Restoration

Pallet restoration is not just about recycling pallets for reuse, or reclaiming pallet, or even reusing pallets; it is all about saving substantial dollars through reduction in pallet purchases and the need for recycling effort. Supplies are costly and reduction in needed supplies will affect profitability. A current emphasis on reclaiming pallets has led to a consistent costs savings through lowering new pallet purchases. 100% all pallets are either reclaimed or recycled and zero pallets go to landfill, though that is only a starting point. We understand that being able to reuse incoming pallet for shipment of goods is a critical feature to reducing costs. Pallets come in a variety of sizes across regions and industries therefore we continue to work closely with our supply chain to match incoming pallet specifications for outgoing client shipment needs. The tables below show the Pallet restoration efforts since 2011 and cost savings generated.

Year	2011	2012	2013	2014
New Pallet Purchases	1806	1804	1600	1000
Pallets Reclaimed	4492	5562	5275	4056
\$ Savings	\$31,444.00	\$38,934.00	\$36,925.00	\$28,392.00
Average % Reused	75.73%	75.22%	76.52%	83.29%
Recycled	1260	1428	1296	871
Pallets Shipped	2660 (July to December)	5867	5638	4039



### Press Spoilage

Process controls are the key integrative approach towards continuous improvements which helps to drive our structured approach to enhance our effectiveness and efficiencies throughout our production areas to include reduction in press spoilage. Press spoilage has been identified as the largest source of material waste that cannot be completely eliminated due to equipment design, product design and setup needs. Though we have seen that through small changes to create more effective and efficient practices (like mistakes proofing activities and overages) we continue to see improvement for our overall press spoilage as compared to our baseline year 2010. See the table below.

Year	2010	2011	2012	2013	2014
Press Spoilage Improvement	Baseline Year	28.8 %	36.5%	42.4%	47.1%

## Plate Spoilage

Non-profitable plate making is considered an expense and a waste in our plate making process therefore is classified as plate spoilage. Plate spoilage costs are driven from plate life failures, art errors, plate making process, plate mismanagement (lost/missing, damage), and/or unusable materials due to plate size format. By identifying and evaluating the spoilage causes we quickly identified we could reduce our plate spoilage just by reducing the standard plate format size removing excessive or unusable plate material based on machine capabilities. This simple idea was rejected due to double cost increase for purchasing the non-standard place size (custom sized materials reflected 100% material increase). Not only would the cost double for the custom size material purchase, there would be further cost increases based on extra supply needs and man hours to setup and run the custom plate size with current machinery. Our direct tracking efforts to reduce plate spoilage began Dec of 2011 therefore the base year is identified as 2012 and our plate profitable yield has increased by 16.5 % since the baseline year of 2012.

Year	2012	2013	2014
Profitable Plate Yield Improvement	Baseline	14.8 %	16.5 %

Our failure tracking has provided a clear understanding of the defined common errors which were generating plate spoilage and waste. The ongoing tracking continues to bring awareness to our deficiencies to develop changes in our activities and practices like redesigning our role educational responsibilities needs and the elimination of failures before they happen through accurate and persistent quality checks. Our plate spoilage prevention methods have helped to drive process and product improvements throughout the process controls from the quote conception to order management onto prepress art management, plate making, and plate management activities. The table below shows our ongoing improvement against the baseline year of 2012.

Year	2012	2013	2014
Plate Defect Improvement	Baseline	12.24 %	10.07 %

100% of all plate material is recycled through our Waste-to-Energy recyclable waste stream.

## Setup Time Reduction

Even a small change in spoilage can make a dramatic impact on our company's finances. Process controls are just as important to reduce time waste. We have implemented a stop watch approach for self-monitoring every setup to aid the setup technicians to recognize and compare the standard setup time with actual setup time used. We formally tack and compare actual to the standard set times within our manufacturing system that is reviewed by Director of Operations and Engineering Design for system or equipment improvement upgrades.

## **FUTURE GOALS**

1. Reduce Supplies Use by 10%
2. Reclaim/Reuse 10% of Recycled Pallets
3. Improve Press Spoilage by 33%
4. Improve and Consolidate Data

## **SUGGESTED ACTIONS FOR IMPROVEMENT**

1. Reduce multiple types of supply items down to a few (6 tape types to 2 types)
2. Reclaim More Pallets
  - a. Establish policy of fix all possible pallets
  - b. Work with Suppliers to use our standard shipping pallet size for all incoming items.
3. Reduce Spoilage
  - a. Improve Spoilage Data Tracking - we must have accurate data to understand where are our spoilage is being created
  - b. Monitoring Press Electrical Use for Spoilage and Electrical Cost Analysis
  - c. Reduce printer us and supply needs by eliminating auto generated CRC reports
4. Improve and Consolidate Data
  - a. Improve measurement and tracking systems for spoilage and sustainable forest materials
  - b. Consolidate environmental sustainable data
  - c. Consolidate recycling data (waste, metals, reclaimed materials)
  - d. Validate, Adjust and Enhance Standard Setup Time Job Data
  - e. Modify methods for quote creations using the finish good bill of material specifications and tooling module.

# Environmental Sustainability

Lauterbach Group is dedicated to environmental stewardship through Lean concepts and methods to reduce, reuse, and recycle. Our business management structure continues to look for methods to avenues to provide our members, clients, and community with an exceptional experience. The ongoing directive to align business model with environmental stewardship continues to live and thrive throughout our business initiatives. We recognize the importance of protecting our world for future generations and have been and continue to strive to be a leader in environmental sustainability. In addition to zero environmental incidents or fines in the history of our company, we have been recognized for our environmental sustainability efforts through multiple awards. We have received environmental excellence awards and recognitions from Tag and Label Manufactures Institute (TLMI), Flexographic Technical Association (FTA), Sustainable Forestry Initiative (SFI), Forest Stewardship Council (FSC), and the U.S. Green Building Council. Regulatory compliances are seen as a baseline structure for doing good business and our belief is not about minimally requirements we strive for exceptional experience therefore we have been recognized by Wisconsin Department of Natural Resources as a company that not only surpasses basic requirements but a company that excels environmental excellence by acceptance into the Green Tier program of Wisconsin.

A common misconception exists that environmental efforts help the environment, through create lose in profitable dollars. This misconception in loss of profitable dollars can be seen just in the Economic Sustainable section above. Every profitable and sustainable business must focus on minimizing its overhead expenses. Practical monitoring and use utilization of business needs, resources, and consumables has drastically reduces business expenses while lowering our environmental impact. Environment sustainability for the Group is really about embracing the need to reduce our demand for resources needs from the very start. Environmental stewardship is practices throughout the business model to include the building and landscape needs. Energy, water, air quality, protection and security of landmass use are seen as methods of protecting the environment. Though these environmental concepts we have adopted practices to reduce our natural resource use, promote water efficiencies, sourcing and procurement activities, and resource management. We recognize that we cannot achieve sustainability or profitability without practicing sustainability in all our business needs and activities.

## ENVIRONMENTAL ENDORSEMENT

The Flexographic Technical Association (FTA) is a world's leading professional society dedicated to the advancement of the flexographic industry. As active members we participate in many of the educational, networking, exchange forums, technical and sustainable support structures, award programs, and certification programs.

Tag and Label Manufactures Institute, Inc. (TLMI) is a premier association for the North American narrow web industry. TLMI association provides networking, business solutions, educational resources, award recognition, and the L.I.F.E.  certification to assist and enhance the narrow web tag, label, and packaging industries.

## LEED Green Building

We moved into our new facility and community back in 2009. The Group's facility has been recognized as LEED Silver certified by the U.S. Green Building Council (USGBC) for efforts to reduce natural resource needs and reduce our impact on the environment. LEED is an acronym for: Leadership in Energy & Environment Design. Our main focus was to design a state of the art facility that would reduce our overhead business costs like gas, electricity, water, lighting, transportation needs, etc. The byproduct of those desires truly helped to set the stage for our business sustainable practices. We continue to review methods to reduce, reuse, recycle, and reclaim to reduce our impact on the environment, enhance our economic prosperity, and become a transparent business. We use no storm drains, have natural lighting throughout the facility, use water reduction practices, use state of the art HVAC system, security locked, carbon footprint.



## L.I.F.E. ®

Label Initiative for the Environment) was developed by TLMI in order to assist members with finding cost effective ways to reduce their company's environmental footprint. L.I.F.E. Program was to offer an auditable environmental certification tailored specifically to the narrow web printing and converting industry. The environmental program provides a flexible, robust framework for continuous improvements. We are L.I.F.E. ® certified since December of 2012. L.I.F.E. ® and are third party audited by NSF an internationally recognized auditing registrar.



## Green Tier

Wisconsin Department of Natural Resources (DNR) recognizes Wisconsin Business that surpasses regulatory compliances with the opportunity to participation in the Green Tier 1 or 2 programs. The Lauterbach Group is a Green Tier 1 program participate demonstrating our commitment and enhanced environmental innovations and our proactive management group As participates we have demonstrated that our defined Environmental Management System (EMS) is functionally equivalent to ISO-14001 environmental certification recognized internationally.

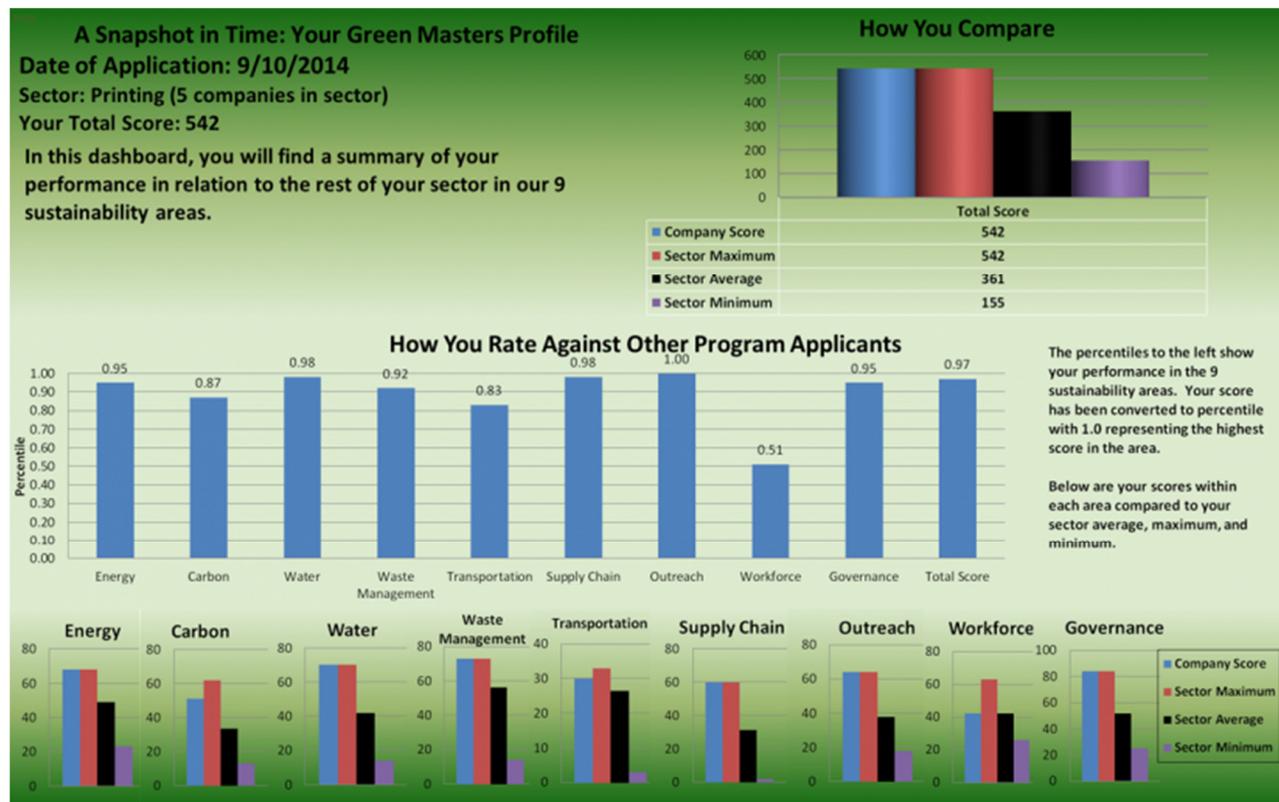


## Green Masters Program

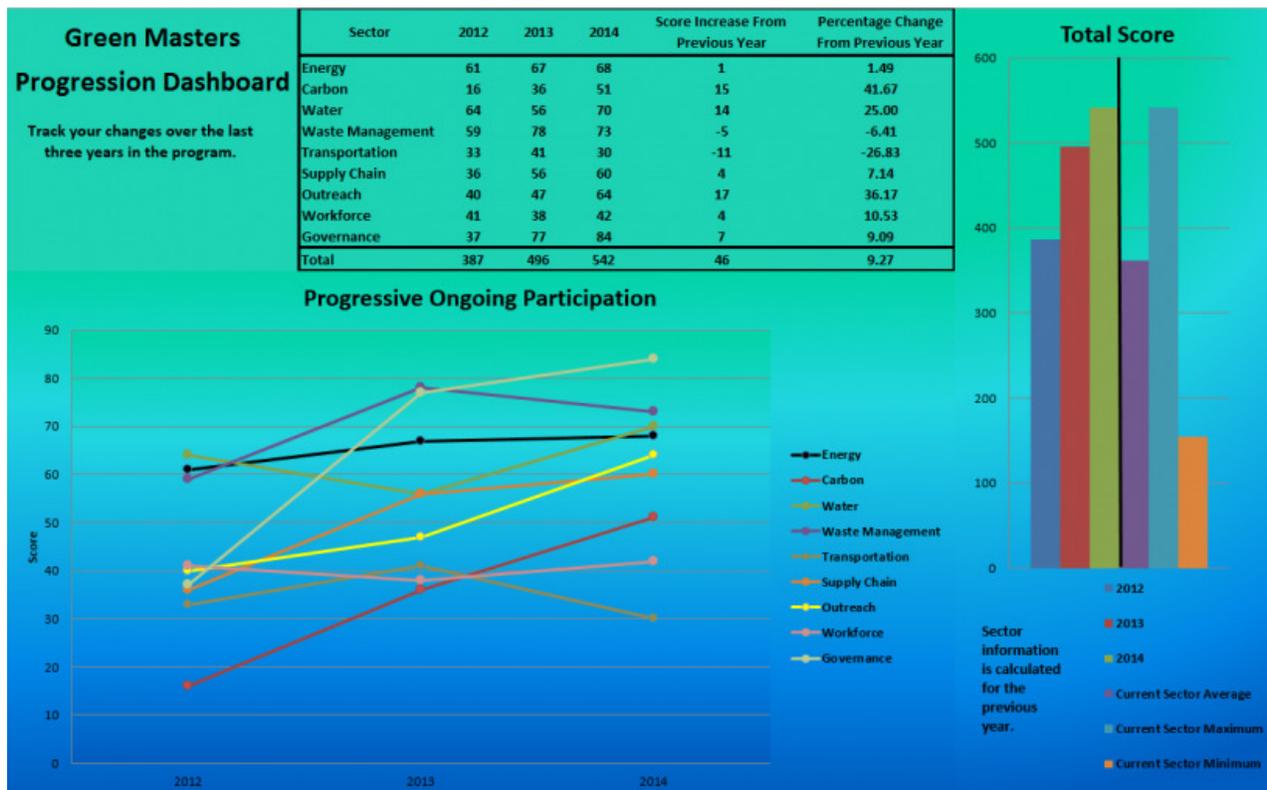
The Green Masters program recognizes Wisconsin businesses that are exceptional at environmental sustainability. The program is divided into 9 environmental classifications allowing Wisconsin businesses to compare their environmental sustainable initiatives with other Wisconsin business in various and/or similar sectors. The Green Masters award is given to the top 20% of Wisconsin businesses for environmental sustainability initiatives. Lauterbach Group has remained in the top 20% of all Wisconsin businesses participating in environmental sustainability throughout the last three years and received the highest sector score in 2013 and 2014.



We have worked extensively with the Wisconsin Sustainable Business Council since 2011 and remain established members of the Green Masters program. Throughout the years the Lauterbach Group has participated in the Wisconsin Sustainable Business Council Conferences to help promote education, define benefits, and cost savings as related to our environmental sustainability initiatives. Additionally, Green Masters program allows for business networking to improve our own environmental sustainable efforts. 2014 current sustainability standing in each of the 9 environmental sectors is shown in the Snapshot below.



Ongoing yearly review in the 9 sector classifications:



### 2014 Lauterbach Group's Rating Analysis

	Our Rating	Program Average*	Program Minimum and Maximum*
<b>Classification Totals</b>	<b>542</b>	<b>314</b>	<b>84 _____ 592</b>
<b>9 Category Classifications</b>	<b>Our Rating</b>	<b>Program Average*</b>	<b>Program Minimum and Maximum*</b>
Energy:	68	43	7 _____ 83
Carbon:	51	24	1 _____ 78
Water:	70	34	1 _____ 71
Waste Management:	73	49	7 _____ 85
Transportation:	30	19	1 _____ 61
Supply Chain:	60	24	1 _____ 61
Education and Outreach:	64	32	4 _____ 63
Workforce:	42	41	5 _____ 80
Governance:	84	47	1 _____ 89

*\*Program scores calculated across more than 175 companies as of September 10, 2014. Data is updated on an ongoing basis.*

As the data demonstrates in the Green Masters program rating system, we have been and remain an exemplary leader in Wisconsin businesses for our environmental sustainability efforts. Our ongoing commitment to our environmental sustainability program along with steady increase in our Green Masters report scoring simply demonstrates the Groups dedication to environmental sustainability. We will continue to make every effort to improve our environmental sustainability throughout our business model.

**Sustainable Forestry Initiative® (SFI®)**

Sustainable Forestry Initiative (SFI) Inc. is a fully independent non-profit, charitable organization dedicated to promoting sustainable forest management. We are yearly reviewed and audited by a third party recognized registrar. We hold a valid SFI Chain of Custody Chain of Custody certification to the current recognized SFI standard. Not only do produce products using traceable materials, we purchase traceable materials for our business marketing and stationary needs. Wherever offered we will purchase traceable materials based on our clients’ needs and offer our very own traceable products within our Mail Order Catalog.



Year	2011	2012	2013	2014
Claim	SFI Certified Sourcing	SFI Certified Sourcing	SFI Certified Sourcing	SFI Certified Sourcing
Beginning Balance	0 LF	238,478 LF	195,380 LF	156,945 LF
SFI Tracked Purchases	238,478 LF	837,583 LF	563,215 LF	284,974 LF
Quantity Usage	0 LF	880,681 LF	601,650 LF	345,740 LF
Product Shipped SFI Certified with Logo Use	Zero Product Shipped With SFI Traceability	Zero Product Shipped With SFI Traceability	Zero Product Shipped With SFI Traceability	293,892 LF
Produced W/SFI Material without SFI Certification Claim	Zero Product Shipped			26,400 LF
% of Spoilage				7.3%

## Forest Stewardship Council® (FSC®)

Forest Stewardship Council® (FSC®) is an independent, non-governmental, not-for-profit organization established to promote the responsible management of the world's forests.



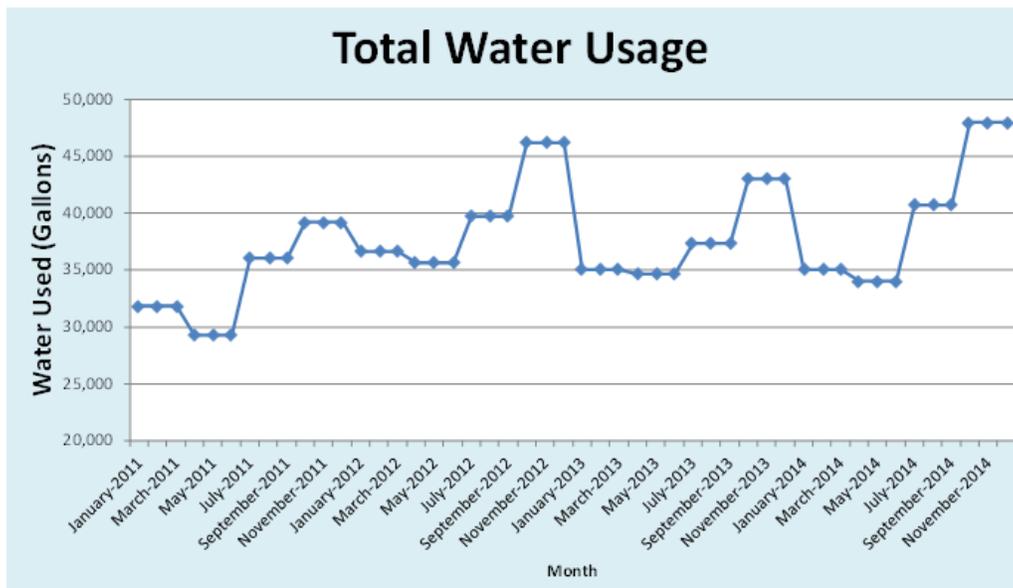
Year	2011	2012	2013	2014
Claim→Product Classification	FSC® Mix→P2 Paper	FSC® Mix→P2 Paper	FSC® Mix→P2 Paper	FSC® Mix→P2 Paper
Beginning Balance	0 LF	1,108,945 LF	910,208 LF	698,320 LF
FSC® Tracked Purchases	1,108,945 LF	3,198,662 LF	4,000,226 LF	2,782,565 LF
Quantity Usage	0 LF	3,397,399 LF	4,212,114 LF	2,473,821 LF
Product Shipped FSC® Certified with Logo Use	Zero Product Shipped With FSC® Traeacibility	Zero Product Shipped With FSC® Traeacibility	Zero Product Shipped With FSC® Traeacibility	2,240,958 LF
Produced W/FSCI Material without FSC® Certification Claim	Zero Product Shipped			82,500 LF
% of Spoilage				6.0%

## WATER

Water conservation is one of the most important environmental efforts in today's world. The cleanliness and amount of water available continues to decrease, but here at Lauterbach Group we make a concerted effort to make sure we conserve our water as much as possible. Low dual flush toilets and motion sensor bathroom faucets cut down on water usage in the building. Our porous pavement in our parking lot filters rainwater runoff and restores natural aquifers. We collect rain water from our roof runoff to water the natural vegetation and plant life surrounding the facility. French drains are used to capture runoff rainwater permitting natural dispersion and the porous pavement parking lot allows the rainwater to filter through into the ground, eliminating the need for sewer system runoff while supporting underground water aquifers.

Additionally, we use water reduction devices in order to minimize water usage through our production activities. While our total water usage was modestly decreasing since 2011, our production and sales dollars have sequentially increased. It is worth repeating that in 2014 we did experience clean water loss due to faulty/damaged plumping systems as defined in the Economic Sustainable Water Consumption section, therefore reflecting an increase in water usage.

Year	2011	2012	2013	2014
Gallons	408,700	474,600	449899	472998
Water Cost as % of Sales Dollars	.30%	.29%	.29%	.34%
Water Usage Per Production Footage	.24%	.24%	.23%	.28%

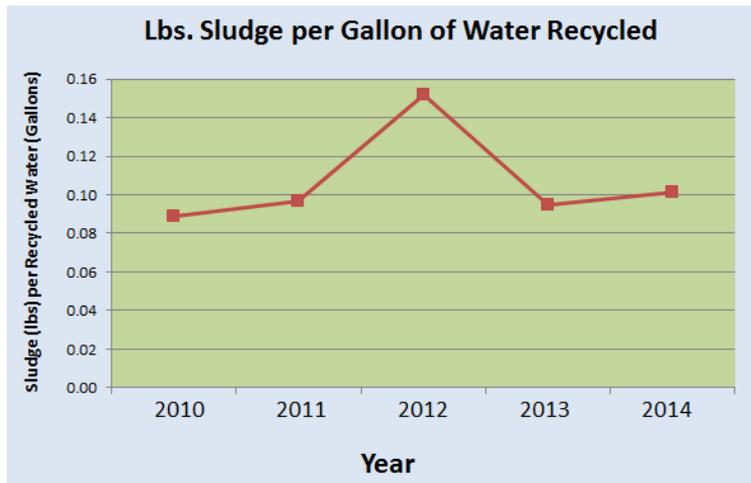


### Gallons of Water Treated and Recycled

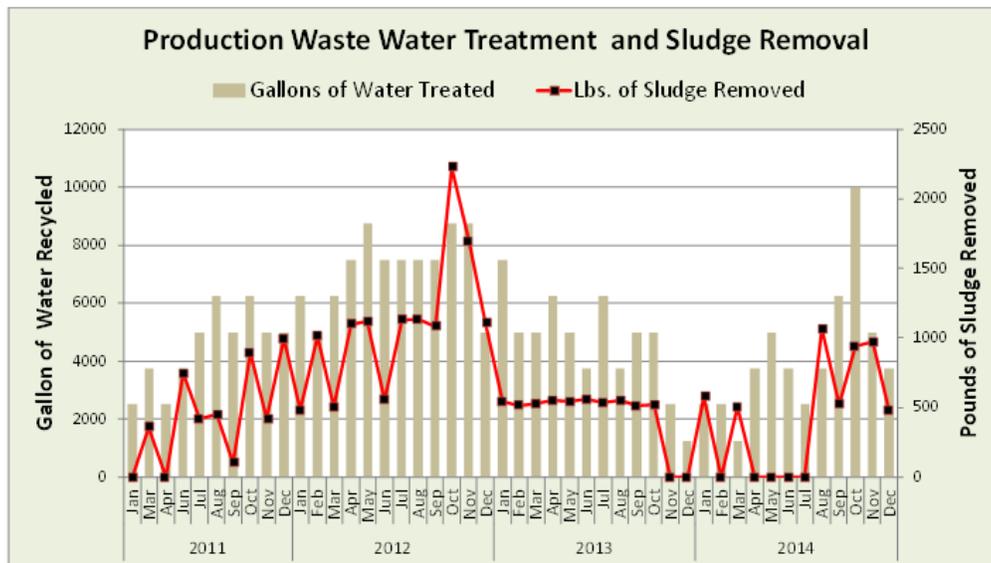
Our group takes water quality very seriously. Though we are not required by law or our municipality to treat our production waste waters (Discharge Exempt) we make a conscious decision to do more to release only the cleanest water possible back to the municipality creating production transparency. The treated water can be used for watering our landscaping and natural vegetation needs; though we do not currently use the water as rain water collected and captured is reclaimed for those watering needs.

The water treatment process is computer controlled to monitored polymer, caustic, and coagulants then release based on pH level inspection. Every month, we remove approximately 100 lbs. of solid ink pigment from the filtration of the water. The water treatment practice is part of the Group’s effort to drive transparency to business practices; this is not a regulatory required activity. We believe true environmental stewardship is all about reducing our natural resource use and our impact on the environment. Environmental responsibility and transparency is about taking ownership over our business practices, activities, wastes, and ultimately the impact on our members, community, and supply chain.

Year	2010	2011	2012	2013	2014
Pounds (lbs.) of Sludge	3,574	4,388	13,156	5,355	5,067
Gallons (gal.) of Water	40,000	45,000	86,250	56250	50000
Pounds (lbs.) per Gallon	0.089	0.097	0.152	0.095	0.101



The increase in ink pigment (sludge) removal per gallon of water recycled in 2012 is considered to be an irregularity inspired and influenced by an experimental new separating chemical used in 2012 which showed successfully improvement for the filtration process. Unfortunately, due to supplier complications, we had to revert back to the filtration chemicals in 2013. Ink pigments removed per gallon of water recycled has been fairly stable around the 0.10 range, though we have seen a slight improvement in the filtration efficiency and water usage in 2014 compared to the previous 3 years. This slight improvement in 2014 appears to be directly related to improved job clean up practices using less water cleanups. As we continue to reduce wastes throughout operational practices and activities we feel enhanced job cleanup practices will reduce the overall water consumption reducing the amount of waste water treatment needs.



## ENERGY USAGE

Lowering energy use not only decreases the overhead expenses but also reduces our consumption of natural resources and the effects on the environment and clean air quality. Lauterbach Group lowers electric usage and costs through lighting conservation system and motion lighting sensors throughout the building. We manage scheduling preferences to ensure that presses are fully scheduled and are not sitting idle consuming electricity resources during man hour working schedules. The building design allows for more natural light flow into the building, reducing our need for high intensity light during the day. Instead, we are able to use nature's lighting to light the majority of the building during sun filled days. (This lighting system is automatically adjusted based on natural lighting availability.) Our electric use has remained fairly stagnant in the last three years, with a slight increase in energy use in 2014 with the addition of press platforms. The building truly has natural lighting throughout the facility which cut down on our need for high intensity lighting during the day. These high bay light systems are individually controllable allowing us to use less electricity based on scheduling demands. We actually reclaim process heat from the air compressors to heat our shipping and receiving area reducing the need for any additional heating source.

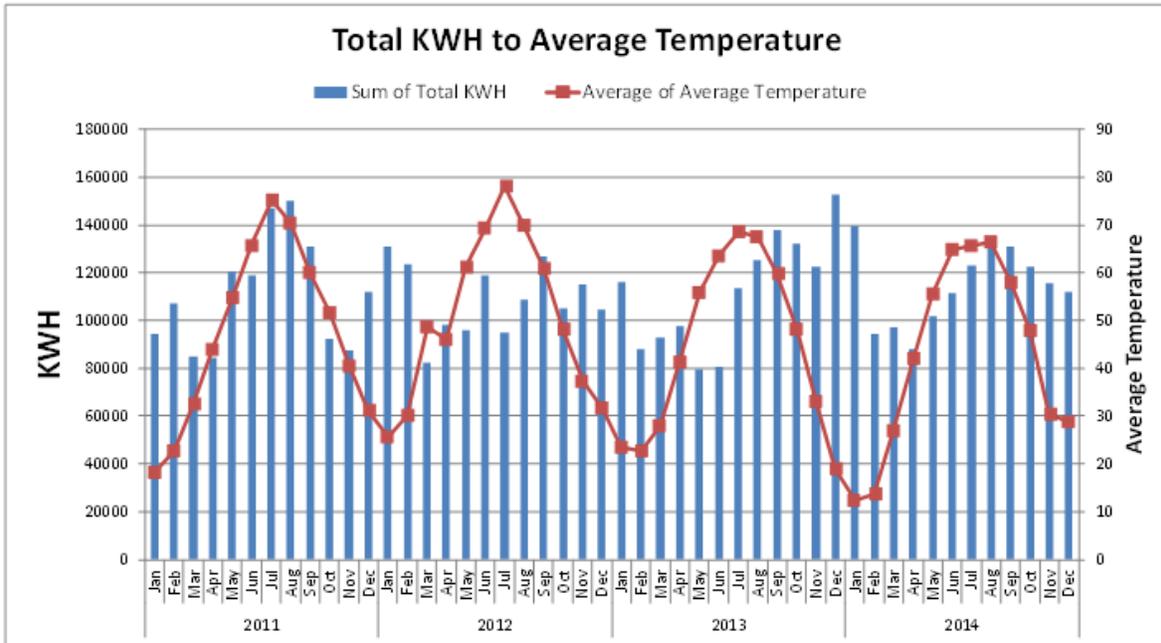
### Renewable

In order to create environmentally favorable outputs, we commit ourselves to using environmentally favorable inputs. We have recommitted our efforts to find ways to utilize and increase our percentage of renewable inputs versus fossil fuel and nonrenewable energies. We use renewable solar power faucets and urinals in our production area bathrooms. We have solar powered clocks and temperature gauges throughout the corporate areas. Truck lifts are battery operated, and every alkaline battery is replaced with a rechargeable battery and are recycled as the batteries expire. Rechargeable batteries actually create less battery waste and recycling demands. Currently, WE Energies supplies 3.4% of renewable energies to our facility as a standard. While our renewable energy remains relatively small, we aim to increase this amount as more efficient renewable energy technologies become available.

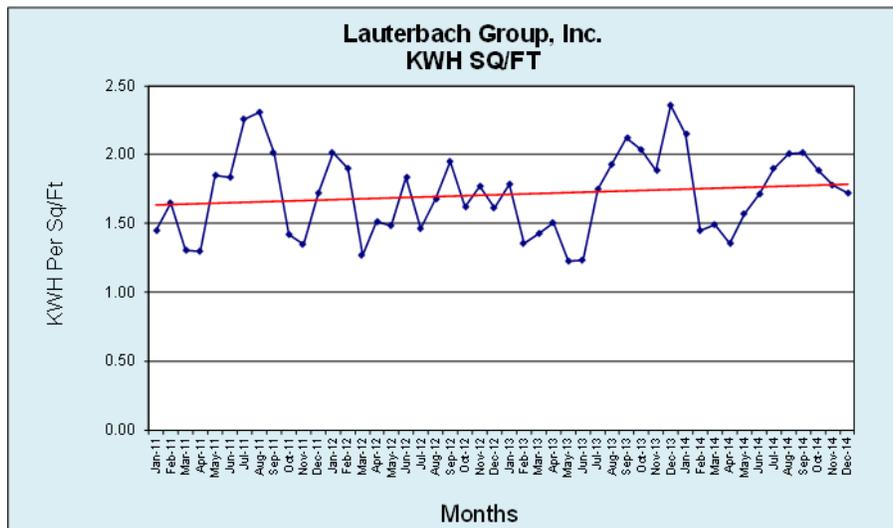
### Electrical (KWH)

Electric costs are a large portion of our total energy usage; even a small reduction can have a very large effect on the business bottom line and profitability. The Group has developed an energy policy that defines conservation initiatives for electric usage throughout the facility to include: operational practices, networking technologies, purchasing, and office practices. Electrical conservative efforts include: new technologies, efficient appliances, press platforms, virtual server, high efficient laptops, smart phone technologies, programmable heating, air, and ventilation systems, auto-adjustable lighting systems, auto shut down motion detection lighting systems, independent high bay lighting systems, renewable energy use, use of LED (Light Emitting Diodes) and CFL (Compact Fluorescent Lights) schemes, no personal radio or space heaters, nightly shut down practices, etc.

The graph below is a snapshot over the past four years of our electrical usage. In 2014 we added additional press platforms to accommodate our growing business needs, slightly driving up our energy usage per square footage.

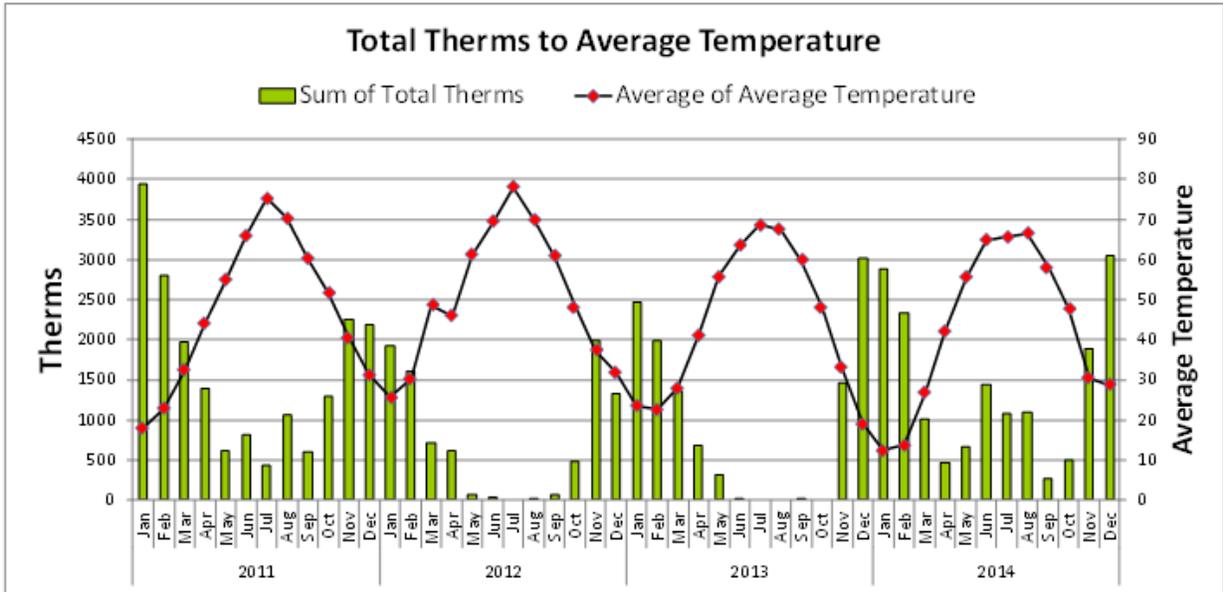


Year	2011	2012	2013	2014
% KWH Increase	-----	-1.71%	0.72%	2.75%
Total KWH Usage	1329900	1307100	1339500	1366500
Average Yearly Temperature	47 ° F	51 ° F	44 ° F	43 ° F

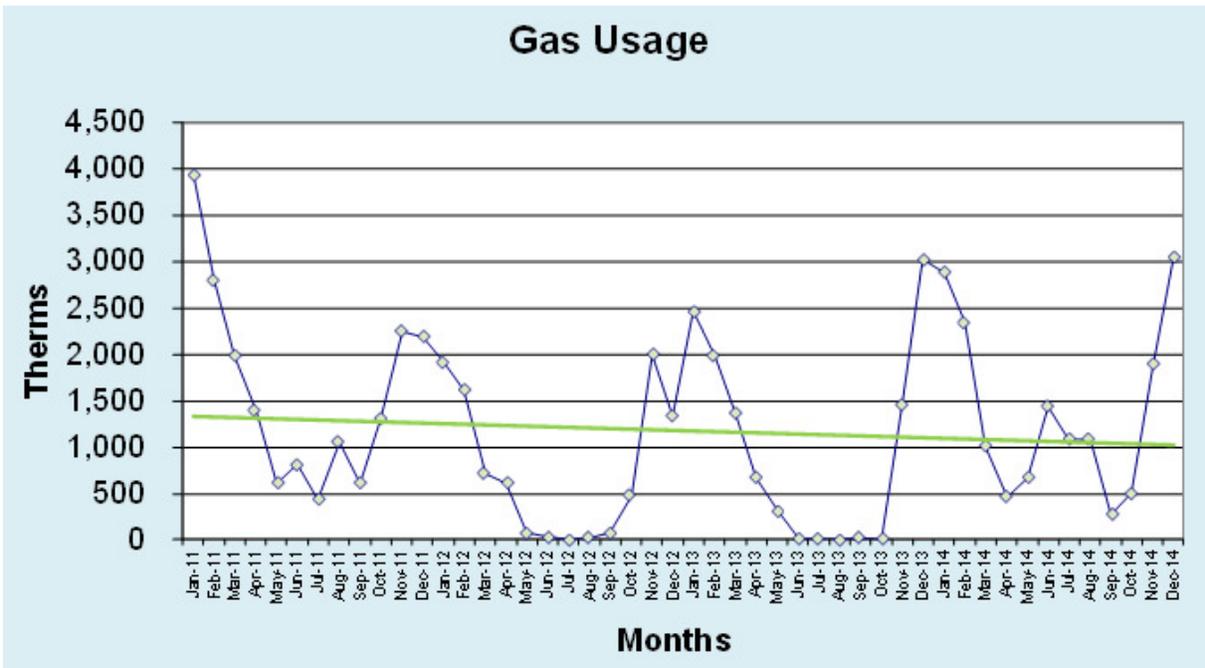


### Natural Gas (Therms)

Another major source of energy usage at Lauterbach Group stems from natural gas which fluctuates based on the cold winter weather in Wisconsin. Overall though we continue to see a decrease trend in natural gas usage based on the 2011 benchmarked year.



Year	2011	2012	2013	2014
Total Therms	19,371	8,874	11,345	16,702
% Reduction in Therms	-----	54.19%	41.93%	13.78%
Average Yearly Temperature	47° F	51° F	44° F	43° F



## **CLEAN AIR**

Air quality refers to the state of the air surrounding us; yet clean air quality refers to clean, clear, and unpolluted air. Air contamination prevention is about reducing or eliminating the waste at the source, modifying production processes, promoting use of non-toxic or less-toxic substances, implementing conservation techniques, and reusing materials rather than putting them into the waste stream. Here at the Lauterbach Group we have implemented many methods to reduce air contaminations into the air and are considered quantity exempt. Our ongoing effort to reduce unwanted air pollutants includes:

- Natural gas is only used to heat the office and operational area whereas we reclaim exhaust heat from the air compressors to heat the shipping and receiving area.
- Air emissions of equipment are reduced due to low growing grasses and native vegetation and the actual reduction in maintaining landscaping the facility grounds
- Only No to low (VOC) inks are used in our production process
- Use of environmental friendly cleaning chemicals and supplies throughout the facility
- Office and manufacturing personal to manage daily, weekly, and monthly cleaning; quarterly and yearly activities are scheduled and managed by management.
- Rodent and Pest Control is performed in an environmentally and food friendly fashion by a 3rd party environmentally certified contractor. Only live traps are allowed within the facility and chemical sprays are prohibited. Use of bated traps and sprays is minimal on the facilities grounds and is achieved using environmental friendly products.
- A climate controlled facility with regulated air flow system to ensure clean air is available for everyone; which is monitored and sustained daily while a 3rd party contracted service performs required preventative maintenance monthly.
- Green plants are placed throughout the office area to assist with making our environment attractive but benefit members with a natural air filtration. The bright open work space motivates members to surround their personal plants to work aiding in air filtration.
- Janitorial and custodial services are provided through contractor using green cleaning methods and environmental friendly products to reduce chemical toxins and air pollutants. Custodial services are providing the facility with janitorial services 3 times a week during business hours and off set that for monthly, quarterly, and yearly cleaning needs.
- Staff is to consume food in the cafeteria and member's food must be stored in a closed container or sealable bag. Unconsumed food cannot be stored in desks and only items in their original closed container are permitted in desks. Production staff is banned from eating in the production area and office personnel are limited to no-odor foods.
- Lauterbach Group, Inc. has established a tobacco-free campus for all group members, clients, contractors and visitors and applies directly to the facility, grounds and company owned or leased vehicles as well as our neighbors surrounding properties.

Our business reported our air emissions for many years in accordance with standard regulatory reporting procedures disclosing our environmental footprint, greenhouse gas and contaminated emissions. Within the last few years we are no longer required by the state to track air emissions data. Our air emissions are so low, that as long as we don't make any drastic changes on how we emit gasses, we are not required to track these emissions. Therefore, as accurately as we can state, currently our emissions are low to none.

## Carbon Footprint

Carbon footprint has become a hot topic among industries and a measure of a company's environmental success and impact. Our group not only cares about how our actions affect ourselves, but also the community and world around us. Due to our company's small size, our carbon footprint data is limited making it difficult to obtain accurately data. We believe the principle use of reduce, reuse, and recycle helps keeps the focus on reduction of supplies, consumption of natural resource, waste management while utilizing environmentally friendly chemicals and practices to ultimately reduce our carbon footprint as a byproduct or offshoot of those activities.

While not entirely comprehensive, our environmental monitoring systems (energy, water, waste, practices, etc.) should demonstrate a steady decrease of our environmental footprint therefore carbon footprint decrease strictly based on our electric, natural gas, reduction in Not/Dot Regulatory, reclaiming of heat generated to completely heat the shipping and receiving areas.

## Regulatory Wastes

For our definition a regulated chemical waste is defined as a waste which, due to its quantity, concentration, shelf life, or chemical characteristics may cause or pose a potential threat to the environment if improperly disposed. We do not generate quantities to meet the RCRA threshold quantities, though in an effort to control and reduce our Non-Dot/RCRA Regulated waste we have imitated tracking yearly amounts. Though our ink refurbishment/recycling effort we have been able to reduce our ink spoilage to reduce unusable ink colors by 53 gallons, which equates to 1 55 gallon drum.

Year	2011	2012	2013	2014
Non-Dot/RCRA Regulated (Print Ink/Cleaning Solution)	-----	-----	515 gallons	462 gallons

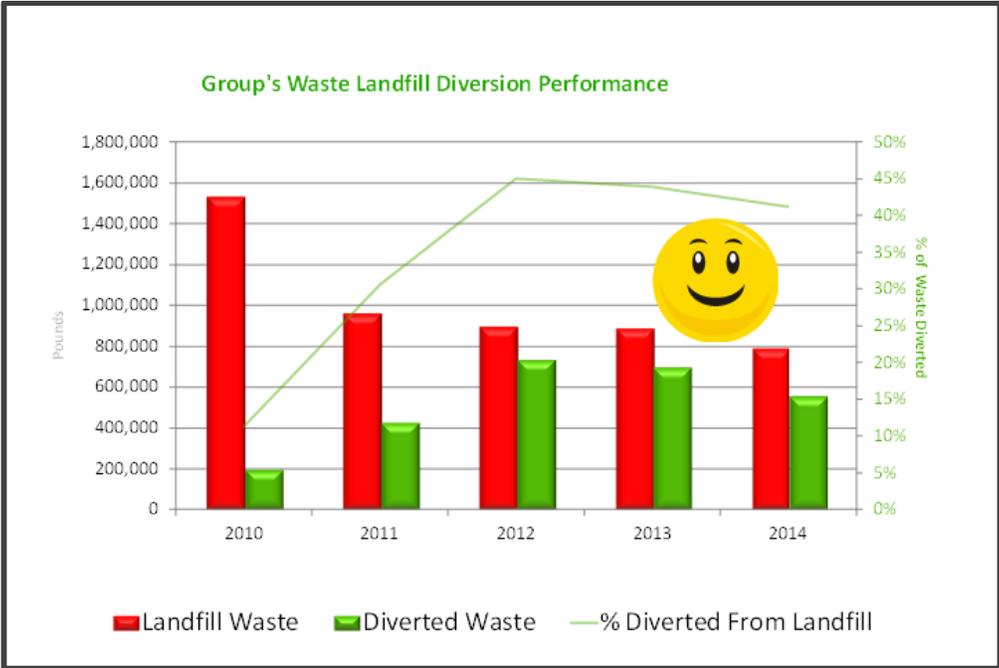
## LANDFILL STEWARDS

Waste remains many companies' most dramatic impact on the environment. In order to reduce waste sent to landfill and lower our waste footprint on the environment, we have established an extensive reuse, reduce, and recycle process. Our sustainable monitoring systems helps to provide visual analysis to identify improvement trends, costly mistakes, and efforts to mistake proof and draw awareness to defined initiatives for reducing wastes throughout the facility. Our Waste Management Champion and Supply Reduction Group make extensive efforts to reduce our waste to landfill and save us money through reduction of supply us and recycling avenues. Every effort made to eliminate waste gets us closer to the ultimate goal of being a "Zero" landfill company. Reduce, reuse, and recycle (refurbish) is all about waste reduction.

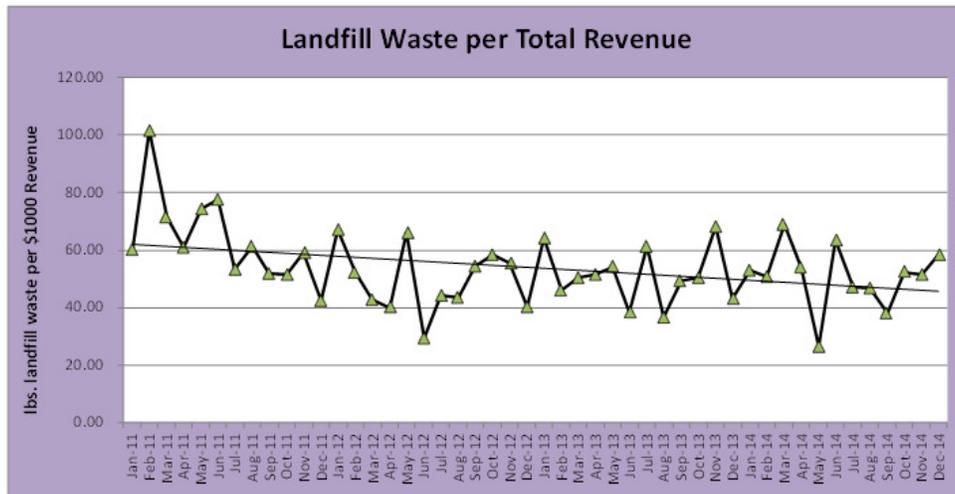
We attempt to reduce or reuse everything before we recycle it. For example, we reuse our pallets and eco-packs. We currently save paper through our office printing policy: no printers in individual offices, 2 sided printing as the default on all printers, and making many forms online instead of on paper. All these efforts, as well as a recycle everything policy within the office reduces our waste and increases our retention of money and resources. We have continued to show extremely promising improvement in the area of recycling and reducing landfill waste:

Our main source of landfill waste comes from press matrices and general cafeteria waste; but we are currently researching how to recycle the matrices, which accounts for about 85% of all current landfill waste. We have a visual easy to use recycle system throughout the facility to capture the 12 different kinds of recyclable wastes, to ensure that members have the recycling container available for every recyclable that is outputted from their activities and practices. Using multiple recycling containers helps to ensure that recyclables items are identified as a commodity not garbage. While our total pounds of landfill waste has continued to decreased and our total waste is in alignment with that decrease over the past three years; our total recycled waste has additionally decrease consecutively while revenue and footage ran has increased since 2011. Overall our production and recycling methods have improved driving spoilage and waste down; this in turn has made our % of waste recycled remained similar to since 2012.

Year:	2010	2011	2012	2013	2014
Landfill (lbs.)	1534620	961040	896220	889240	790660
Recycle (lbs.)	196115	425666	734116	696381	555107
Total Waste (lbs.)	1730735	1386706	1630336	1585621	1345767
% Recycled	11%	31%	45%	44%	41%



While the chart below shows landfill waste fluctuating per month revenue, the total pounds sent to landfill per year has steadily decreased. Sales revenue continues to show improvement since 2011 demonstrating an ongoing waste reduction trend to revenue dollars.



### Recycled Material

Below is a yearly comparison of the 12 different compartments of our recycled waste initiatives:

Material	2012 Lbs. Recycled	2013 Lbs. Recycled	2014 Lbs. Recycled
Aluminum Cans	122	105	104
Cores	38398	39361	32079
Foil	252304	154527	117187
Liner	2576	0	0
Pressure Sensitive Adhesives	139600	111844	0
Waste To Energy	133361	166451	320871
Plastic (#2)	3287	1774	3288
Plastic(#1, #4, #5)	653	250	921
Plastic(Package Materials)	3660	8066	10759
Mixed Recycled Tote	40209	141566	921
Reclaimed Materials	13736	40979	12089
Cardboard	5767	16941	13290
<b>Total</b>	<b>734,116</b>	<b>681864</b>	<b>510892</b>

Our three main forms of recycled materials continue to be foil, pressure sensitive adhesives, and waste to energy. While these are the most prevalent and easiest materials for us to recycle, we are constantly working on finding new ways to recycle other materials and waste. Our process of separating different kinds of recyclable waste has been very successful and as we find new ways to recycle other materials like matrix waste, we will continue to add new categories of recyclable waste and increase our percent of waste recycled.

### Metals and E-Wastes

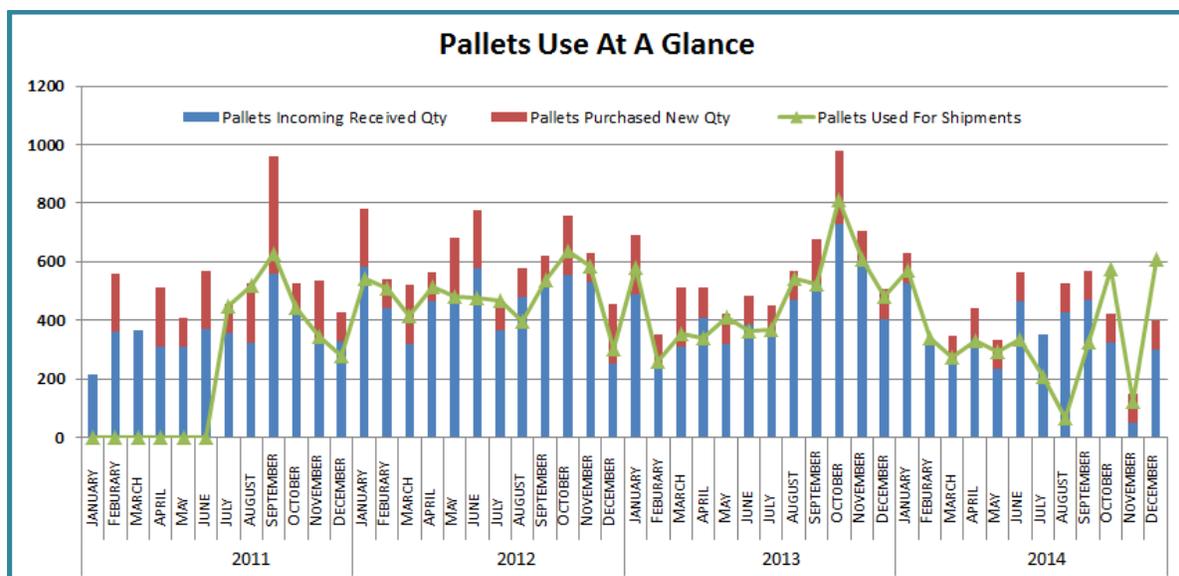
Tracking of metal waste from printing press supplies and tooling needs along with electronic waste was not tracked as a commodity process waste. In an effort to obtain and capture a visual presents of this type of process waste we have begun monitoring press room metal waste and electronic wastes resulting in process upgrades.

Material	2011 Lbs. Recycled	2012 Lbs. Recycled	2013 Lbs. Recycled	2014 Lbs. Recycled
CRT Monitors	-----	-----	0	335
CPU's Complete	-----	-----	0	716
Low-Grade	-----	-----	0	519
Metals	-----	-----	1808	1415

### Pallet Reuse

As can be seen by the table and chart below new pallet purchases and amount of recycled pallets has reduced over the past three years; our percentage of reclaimed pallets has increased.

Year	2011	2012	2013	2014
New Pallet Purchases	1806	1804	1600	1000
Pallets Reclaimed	4492	5562	5275	4056
Recycled	1260	1428	1296	871
Average % Reclaimed	75.73%	75.22%	76.52%	83.29%
Pallets Shipped	2660 (1/2 Year)	5867	5638	4039



## **FUTURE GOALS**

1. Increase % of waste recycled to 55%
2. Reduce total water usage by 10%
3. Reduce production clean-up water
4. Get lbs. of sludge above 0.12 per gallon
5. Reduce electric usage by 10%
6. Reduce natural gas usage by 10%

## **SUGGESTED ACTIONS FOR IMPROVEMENT**

1. Environmental Endorsements-Ensure new members are properly educated and trained
2. Reduce Water Usage/Improve Water Recycling
  - a. Establish Ink Pan Cleaning Standard
  - b. Turned water on and off as pans are washed
  - c. Generate methods to minimize pan washing (dedicated pan use)
  - d. Create Press Side clean-up practices
  - e. Research chemical products that will use less chemicals and efficiently filter cleaner water
3. Energy Usage
  - a. Reduce Electric Usage: press platforms, efficient parts
  - b. Ensure Preventative Maintenance is Current; Recalibrate HVAC System
  - c. Update production computer systems
  - d. Schedule press time to reduce idle time between jobs
  - e. Reduce Natural Gas Usage - Review systems for Heat Recovery opportunities
  - f. Increase Use of Renewable Energies- Apply to Focus on Energy
4. Improve Clean Air Tracking (air emissions from incoming, outgoing, members travels)
5. Improve Waste Recycled
  - a. Introduce matrix waste for recycling program
  - b. Establish take back program to gain revenue from recycling waste/reduce landfill.
  - c. Continue to promote client take back brand marking needs

## **What Now?**

This report has shown where Lauterbach Group stands now with regards to sustainability (among the industry leaders in all areas) and where we are headed. In order to see how our group is improving and where we fall short, we will have an annual sustainability report made every year at approximately the same time (June). Future reports will allow for review and opportunity to invent new ways to improve socially, environmentally, and economically. In order to ensure maximum value of future sustainability reports, we must undergo a consolidation and repair of data, as well as implementation of newly recorded data as outlined in this report. Lauterbach Group has a strong philosophy of improving every single day. Sustainability is like anything else, it can always be improved. Although we are very successful in sustainability, we are still able to improve and we strive for improvement in sustainability socially, environmentally, and economically.