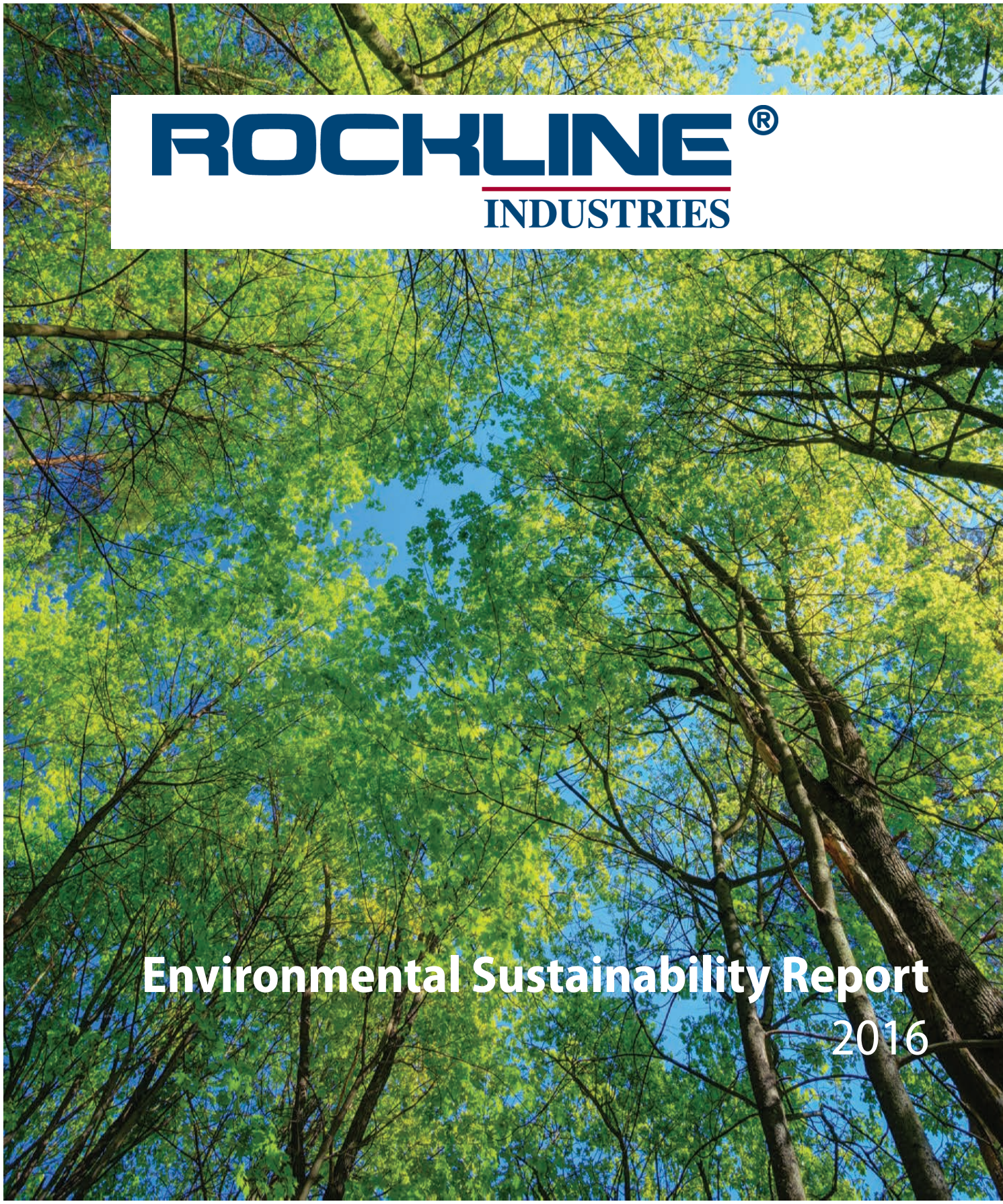


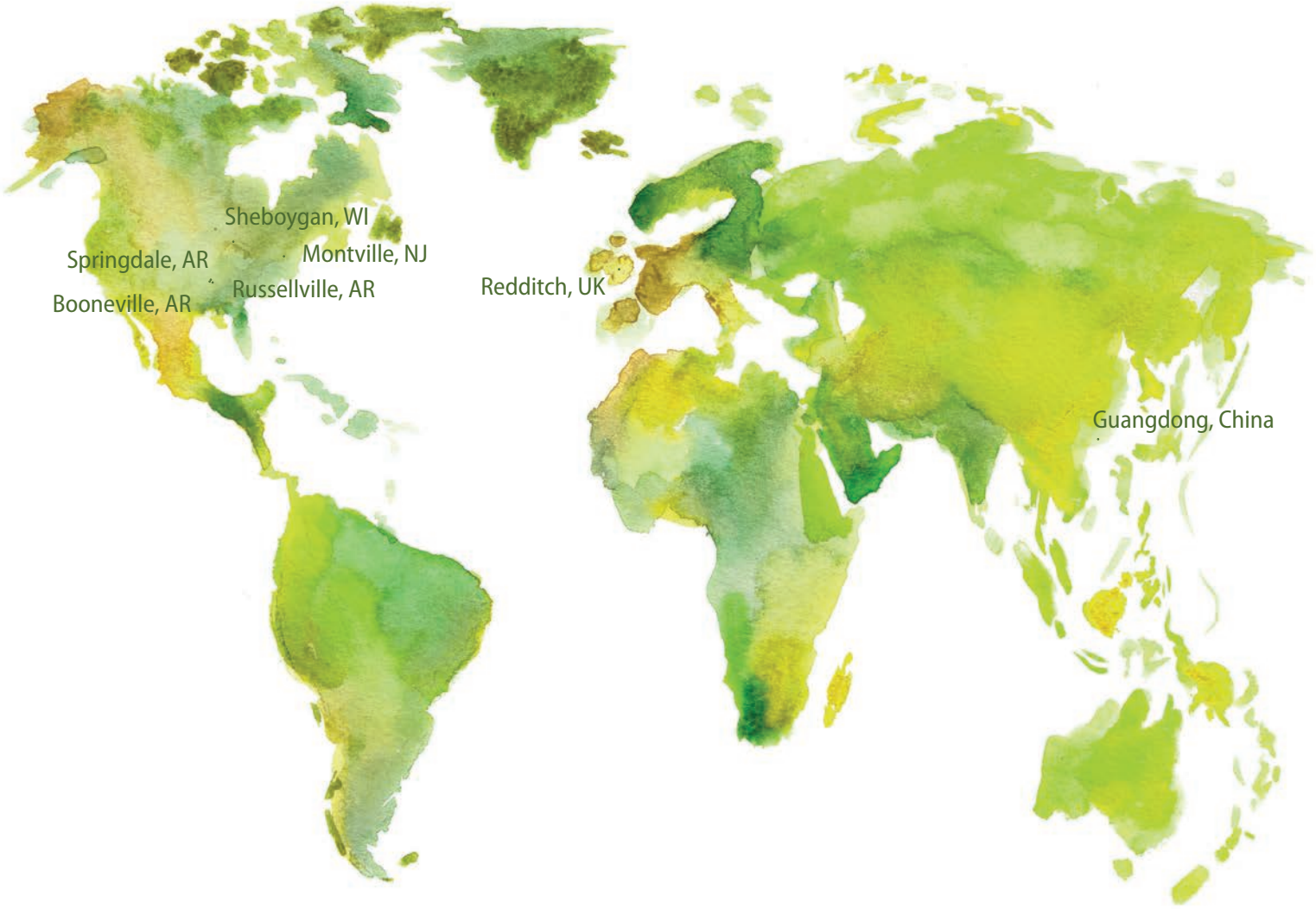
ROCKLINE®
INDUSTRIES

# Environmental Sustainability Report

2016

# Rockline's Global Locations

Rockline employs close to 2,500 people worldwide.



# Contents


## 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.

## Corporate Mission Statement

Inspiring customer loyalty by turning ideas into convenience products delivering superior value.

## Corporate Vision Statement

Be recognized by our customers as the best net value supplier in the categories where we compete.

# Greetings:

Welcome to Rockline's 2016 Annual Environmental Sustainability Report. More than eight years ago, on Earth Day 2008, we announced our intention to build a program that would create an organizational focus on reducing our environmental footprint. In 2009, we developed our 2015 mid-term goals in the areas of waste and landfill, energy and carbon, water, and transportation. Not only did we set out to accomplish these goals through initiatives from our sites, but we set out to increase our transparency as a company in regard to our efforts and our results.

2015 was a major milestone for Rockline as we renewed our commitment by setting 2020 goals. In the last decade we've gone from a company who needed to learn what sustainability meant, to a company that now recognizes that sustainability requires an ever-evolving, ever-improving process.

As we judge ourselves against baseline 2015, we've had our share of challenges. Wastewater is up 8% and our landfill rate has also increased. We've had continued success in energy emissions, with a reduction of 1% which is a result of many successful projects at our manufacturing sites. Another key achievement is the announcement of new leadership with Tim Knouff coming aboard to direct our ES program.

Our main challenges in the short term are:

- Reducing waste as we continue to grow
- Identifying sustainable avenues for our solid waste
- Finding the key to our wastewater challenges
- Reinvigorating sustainable evaluation tools in our product design

Thank you for taking the time to read our report. We invite you to reach out to us with questions, comments, and insights as we continue our journey.

Randy Rudolph
President

# Welcome to Rockline Industries' 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 fiscal year 2016.

## Our Values

**renew**
Invest all earnings in continuous improvement

**respect**
Treat others as we want to be treated
(associates, suppliers, customers, community, and environment)

**integrity**
Do the right thing

**teamwork**
Individual goals are secondary to team goals

**excellence**
Best in Class

## Categories

Antibacterial

Baby

Baking Cups

Beauty Care

Coffee Filters

Disinfecting

Food Service

Healthcare

Household Surfaces

Incontinence Hygiene

Industrial

Institutional

Personal Hygiene

## Primary Customers

Club Stores

Mass Merchandisers

Grocery Stores

Institutions

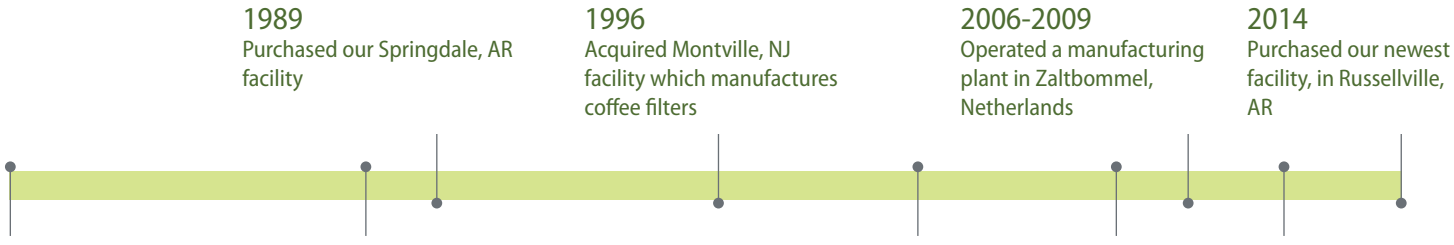
Drug Stores

Supermarkets

Convenience Stores

# Rockline Industries is a privately-held manufacturer of wet wipe, coffee filter, and baking cup products, headquartered in Sheboygan, Wis. Founded in Plymouth, Wis. in 1976 by Ralph Rudolph, Rockline has grown to become a global enterprise. As we look back over our 40 year history, we're proud of the people who helped get us where we are today. We've grown from a single coffee filter plant in Wisconsin to seven facilities worldwide. In 1985, Mr. Rudolph passed control of the organization to his son, Randy, who is our current president.

Rockline's environmental sustainability program was established on Earth Day 2008. We have always sought to deliver long-term value to our customers, and today that means offering them the highest quality product from the most sustainable business practices. If we can accomplish this, we can ensure future generations have the resources and opportunities to live full and healthy lives. More and more, consumers recognize this fact. Our customers increasingly expect best practices from us, and we aim to deliver. Our program follows a top-down approach with executive review annually and an environmental steering committee establishing direction on strategic initiatives. We have successfully embedded sustainability throughout the organization through designated Green Leads within our facilities who are responsible for implementing specific initiatives.



**1976**
Rockline was founded by Ralph H. Rudolph in Plymouth, WI.

**1985**
Ralph Rudolph passed control of the company to his son, our current president, Randy L. Rudolph.

**1989**
Purchased our Springdale, AR facility

**1996**
Acquired Montville, NJ facility which manufactures coffee filters

**2000**
Rockline made its first international acquisition, moving into a manufacturing facility in Redditch, England.

**2004**
Engaged in a partnership with Soshio (HK) Industrial Co. Ltd.

**2006-2009**
Operated a manufacturing plant in Zaltbommel, Netherlands

**2008**
Purchased our Booneville, AR facility

**2014**
Purchased our newest facility, in Russellville, AR

## Boundaries

This report covers operations over which Rockline exercises financial control, with the exception of two minor subsidiaries, Rockline Netherlands B.V. and Rockline Trading Hong Kong, which represent less than 1.5% of our global business activities and environmental impact; and our Russellville, Ark. facility, which started operating in Fiscal 2015. Russellville will be included in next year's annual report, with its baseline year being FY16. 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 are comprised primarily of Scope 1 and Scope 2 data from our manufacturing facilities and offices. This report also contains a limited amount of Scope 3 data (GHG emissions from outbound shipping of our finished goods to customers).

## Methodology

Unless explicitly indicated otherwise, all data, figures and charts cover the period of our fiscal year ending in 2016, which runs from July 1, 2015 to June 30, 2016. The data in this report has 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 (U.S. EPA) and the United Kingdom Department of Farm, Environment, and Rural Affairs (UK DEFRA).

In 2014, the U.S. EPA updated the emissions factors, and our data were adjusted to reflect these updates.

This is our eighth annual report. Our previous report was published in October 2015, covering our fiscal year 2015 (July 1, 2014 to June 30, 2015). Prior years' data may be restated due to more accurate information.

## Steering Committee

**Ron Kerscher**
Sr. VP of Sales and Marketing

**Rich Rudolph**
VP of Sales

**Nick Santoleri**
VP of Operations Global Wet Wipes

**Lorraine Crosbie**
EU Retail Sales Director

**David Deising**
VP - North American Retail Business

**David Cook**
Contract Manufacturing Services Sales Director

**Tim Knouff**
Global Sustainability Coordinator

## Stakeholders

Our stakeholders were identified as customers, suppliers, associates, and communities in 2008 by our environmental sustainability steering committee. Since then, we have engaged our stakeholders in a myriad of ways. We have integrated environmental sustainability metrics into our supplier reviews and have engaged suppliers in designing their own sustainability programs. We have engaged our customers and play an active role in many of their sustainability programs, as well. We have an obligation to the communities in which we operate to ensure we do our part to make them livable, clean, and safe.

## 2020 Goals

Specific metric data can be found on pages 8-19. The figures are a comparison of our FY16 versus our FY15 baseline year.

| Metric | UOM | 2020 Goals | 2016 Actuals |
|---|---|---|---|
| Energy | MJ/std | -15% | -1% |
| GHG Emissions | kgCO2e/std | -15% | 1% |
| Water | L/std | -5% | 8% |
| Solid Waste (Filters) | kg/std | -5% | 3% |
| Solid Waste (Wipes) | kg/std | -20% | -5% |
| Landfill Diversion Rate | % | +10% | 0% |
| Transportation | kgCO2e/tkm | -7% | -1% |

# Our Approach

## Aspirations Long Term

Aspirations are our hope for what a completely sustainable Rockline might look like, at some point in the future.

### 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.

## Multi-Year Goals
## **Medium Term**

Rockline's first set of multi-year goals was retired in 2015. The current goals are set for our fiscal year 2020. These more ambitious goals give shape to where Rockline is headed in a strategic sense.

## Annual Goals
## **Short Term**

Rockline sets annual sustainability targets, as a way of measuring our progress from year to year. These goals are small, incremental steps toward sustainability.

| | |
|---|---|
| 2020 Goal | -15% |
| 2016 Actual | -1% |

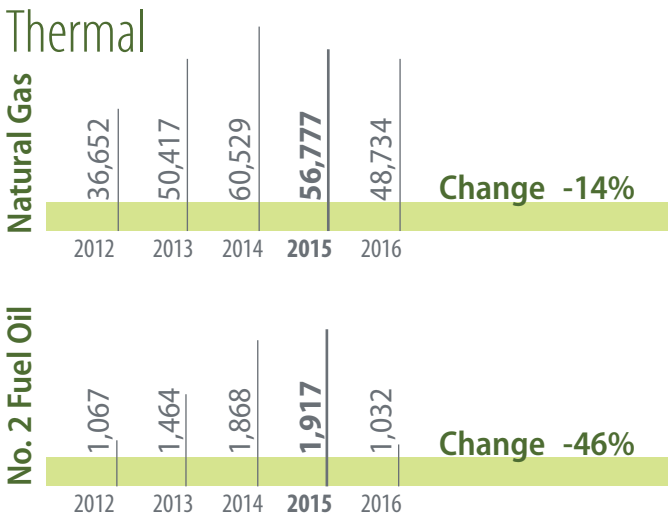
# Energy

Rockline can be classified as a light manufacturer. The energy we procure is used in the conversion of finished raw materials into consumer and institutional packaged goods, including wet wipes, coffee filters, and baking cups.

Rockline's current manufacturing processes rely heavily on nonrenewable resources which poses a long term risk. The primary opportunity Rockline has to combat this risk is to reduce energy consumption altogether. Additionally, investment in renewable energy resources would alleviate this risk altogether. There are some technological advancements with attractive business cases because they 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; motion detection in both manufacturing and office environments; geothermal climate control; and smart compression systems.

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 five fiscal years.

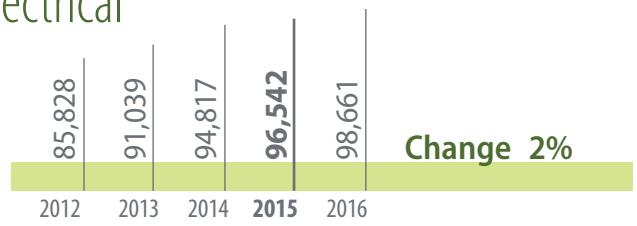
## Thermal



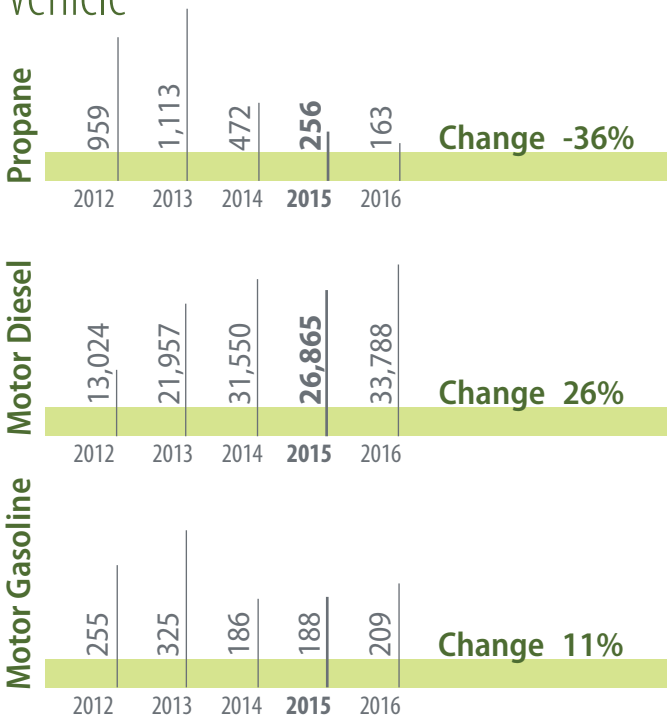
## Per Unit of Production

| 2012 | 2013 | 2014 | 2015 | 2016 | % Change |
|---|---|---|---|---|---|
| 3.175 | 3.182 | 3.214 | **3.151** | 3.112 | -1% |

## Electrical




## Vehicle




[All totals are in gigajoules (GJ), except the per-unit totals, which are in megajoules (MJ). A unit of production is 1,000 pieces. All percentages are 2016 versus 2015 baseline. Bars indicate relative change only. Not to scale.]

## Initiatives

- Each of our plants completed multiple **high efficiency lighting** projects with more planned in FY17.
- Each of our plants showed **continuous improvement** which helped offset some increased energy usage.
- Our Montville, NJ plant **replaced all but one propane lift** with the last only being used for non-production support activities.
- Our Springdale, AR facility completed a **high efficiency radiant heating project.**
- Our Redditch, UK facility installed **two energy efficient transformers** as well as collaborated with local utilities for other energy improvements.

# Greenhouse Gas Emissions

## 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 Intergovernmental 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

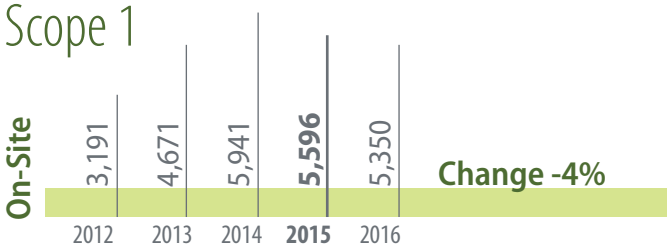
Rockline vehicle fuels, which include conventional motor diesel and conventional unleaded gasoline, are procured from local suppliers. We utilize IPCC emissions factors to determine our emissions. The same factors are used at all of our facilities.

Emissions from fossil fuels contribute to both changes in climate and quality of air. Reducing reliance on and minimizing the use of fossil fuels is our best strategy for reducing our greenhouse gas emissions.

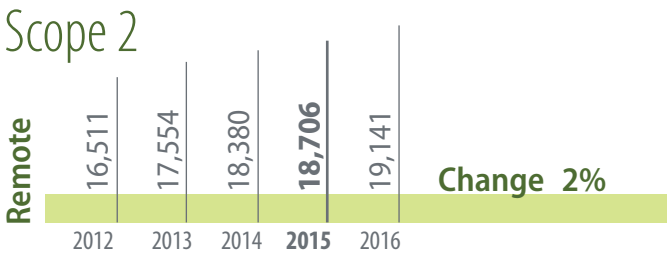
### Per Unit of Production

| 2012 | 2013 | 2014 | 2015 | 2016 | % Change |
|---|---|---|---|---|---|
| 0.454 | 0.425 | 0.413 | 0.413 | 0.418 | 1% |

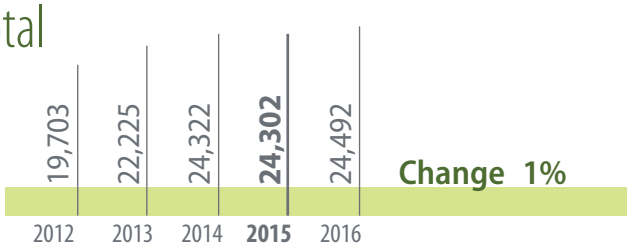
## Scope 1




## Scope 2




## Total




[All totals are in metric tons (MT), except the per-unit totals, which are in kilograms (kg). All percentages are 2016 versus 2015 baseline. Bars indicate relative change only. Not to scale.]

## Initiatives

- Our Redditch, UK facility completed a **lotion tank modification**, reducing the amount of lotion waste.
- Our Springdale, AR facility is trialing a **vacuum system redesign** which should greatly reduce their wastewater.
- Our Booneville, AR facility is investigating an **alternate sanitation process** which could reduce wastewater and improve quality.

# Wastewater

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 use comparatively limited amounts of water. Water is primarily used to test the flow rates of coffee filters and to generate steam, which is used to give basket-style coffee filters and baking cups their distinctive shapes.

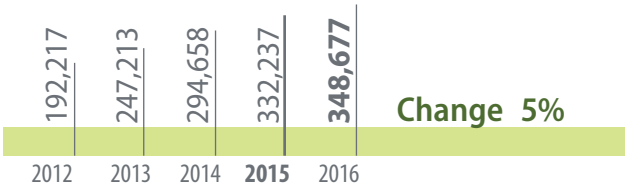
Outside of finished goods, we use water for a range of purposes. Our products undergo extensive quality testing before we ship them for public consumption, and many of these tests require water. Rockline also uses water to flush, clean, and sanitize piping and other machinery used to deliver lotion to the production lines.

Wastewater continues to be the most challenging of all of our sustainability goals. Although we will not sacrifice quality to save water, we can increase our focus on more efficient water use, even in testing and cleaning. We have the opportunity to increase the accuracy of the methodology we use to track the amount of water in the products that we ship. Currently we make estimates based on production statistics and product specifications.

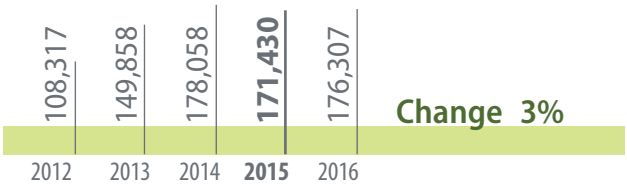
## Per Unit of Production

| 2012 | 2013 | 2014 | 2015 | 2016 | % Change |
|---|---|---|---|---|---|
| 1.933 | 1.863 | 1.979 | 2.731 | 2.941 | 8% |

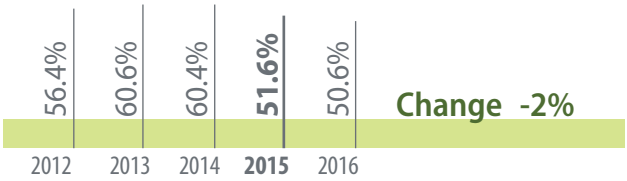
## Incoming Water



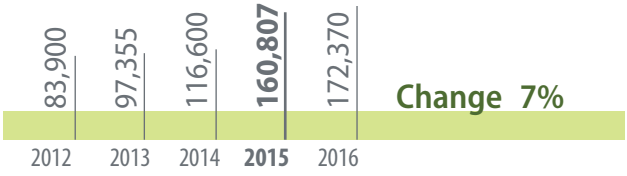

## Water Used in Products




## % of Water Used in Products




## Non-Product Water Use




[All totals are in cubic meters (m3), except for per-unit water use, which is in liters (L). All percentages are 2016 versus 2015 baseline. Bars indicate relative change only. Not to scale.]

| | |
|---|---|
| 2020 Goal | -5% |
| 2016 Actual | 8% |

## Initiatives

- Our Montville, NJ facility **completed improvements** on one production line which should result in significant solid waste reduction leading into FY17.
- Our Wet Wipe manufacturing facilities **increased plant efficiencies** which led to a solid waste reduction for a positive start towards our 2020 goals.

# Solid Waste

Waste is the inefficient use of resources. Rockline defines solid waste as all waste leaving our facility regardless of how it is generated or handled. Our coffee filter production generates a high amount of waste because the 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.

Rockline focuses on measuring, reducing and eliminating waste from our manufacturing processes to provide better value to our customers. Every step we take toward reducing solid waste relieves a portion of the demand placed on natural resources.

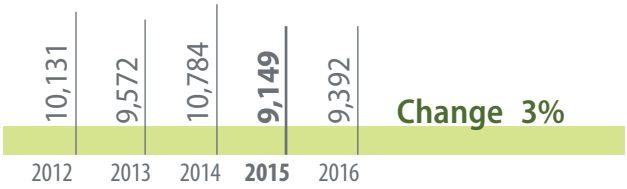
**Filters**

| | |
|---|---|
| 2020 Goal | -5% |
| 2016 Actual | 3% |

**Wipes**

| | |
|---|---|
| 2020 Goal | -20% |
| 2016 Actual | -5% |

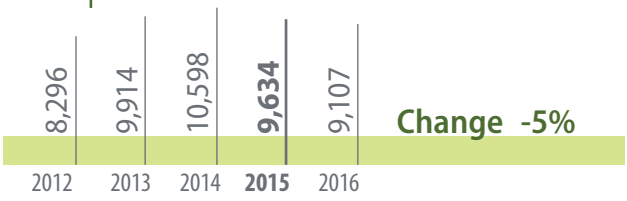
## Coffee Filters




### Per Unit of Production

| 2012 | 2013 | 2014 | 2015 | 2016 | % Change |
|---|---|---|---|---|---|
| 0.487 | 0.459 | 0.528 | **0.458** | 0.470 | 3% |

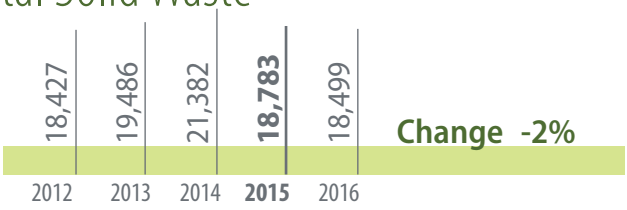
## Wet Wipes




### Per Unit of Production

| 2012 | 2013 | 2014 | 2015 | 2016 | % Change |
|---|---|---|---|---|---|
| 0.367 | 0.316 | 0.275 | **0.348** | 0.236 | -5% |

## Total Solid Waste




### Per Unit of Production

| 2012 | 2013 | 2014 | 2015 | 2016 | % Change |
|---|---|---|---|---|---|
| 0.425 | 0.373 | 0.363 | **0.319** | 0.316 | -1% |

[Totals are in metric tons (MT). Per-unit totals are in kilograms (kg). All percentages are 2016 versus 2015 baseline. Bars indicate relative change only. Not to scale.]

| | |
|---|---|
| 2020 Goal | -10% |
| 2016 Actual | 0% |

## Initiatives

- Our Sheboygan, WI facility diverted **more than 130 tons** of waste to recyclers.
- Our Montville, NJ facility set **a record of 120 days** between landfill container trips.
- Our Arkansas facilities are aggressively investigating **multiple recycling opportunities**.

# Landfill

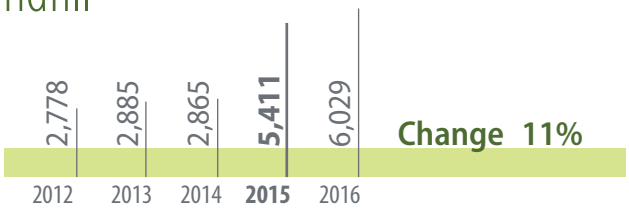
All solid waste that is not recycled, reused or incinerated for energy recapture is sent to landfill. The greatest opportunity Rockline has in diverting waste from landfill is finding customers downstream who value our waste. In fiscal 2015, Rockline made the decision to send waste from our Springdale and Booneville facilities back to landfill rather than to incineration as we had been since fiscal 2012. This is the first full fiscal year completed after that decision was made. The waste had been transported more than 100 miles to be incinerated, which generated additional greenhouse gas emissions.

We continue to focus on opportunities to reuse and recycle our nonwovens, our largest portion of solid waste. Today, only a small portion of this material is recycled. 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).

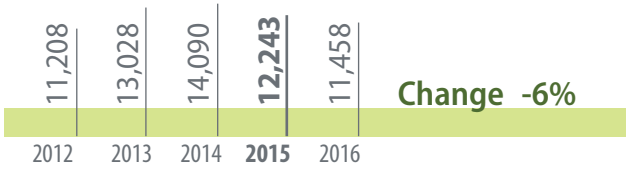
## Landfill Rate

| 2012 | 2013 | 2014 | 2015 | 2016 | % Change |
|---|---|---|---|---|---|
| 15% | 15% | 14% | **33%** | 33% | 0% |

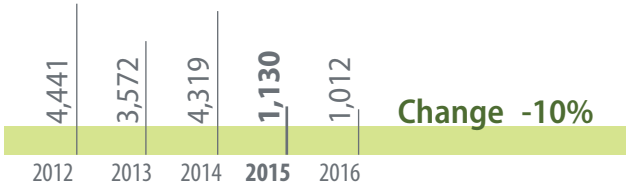

## Landfill




## Recycled




## Waste-to-Energy Incineration



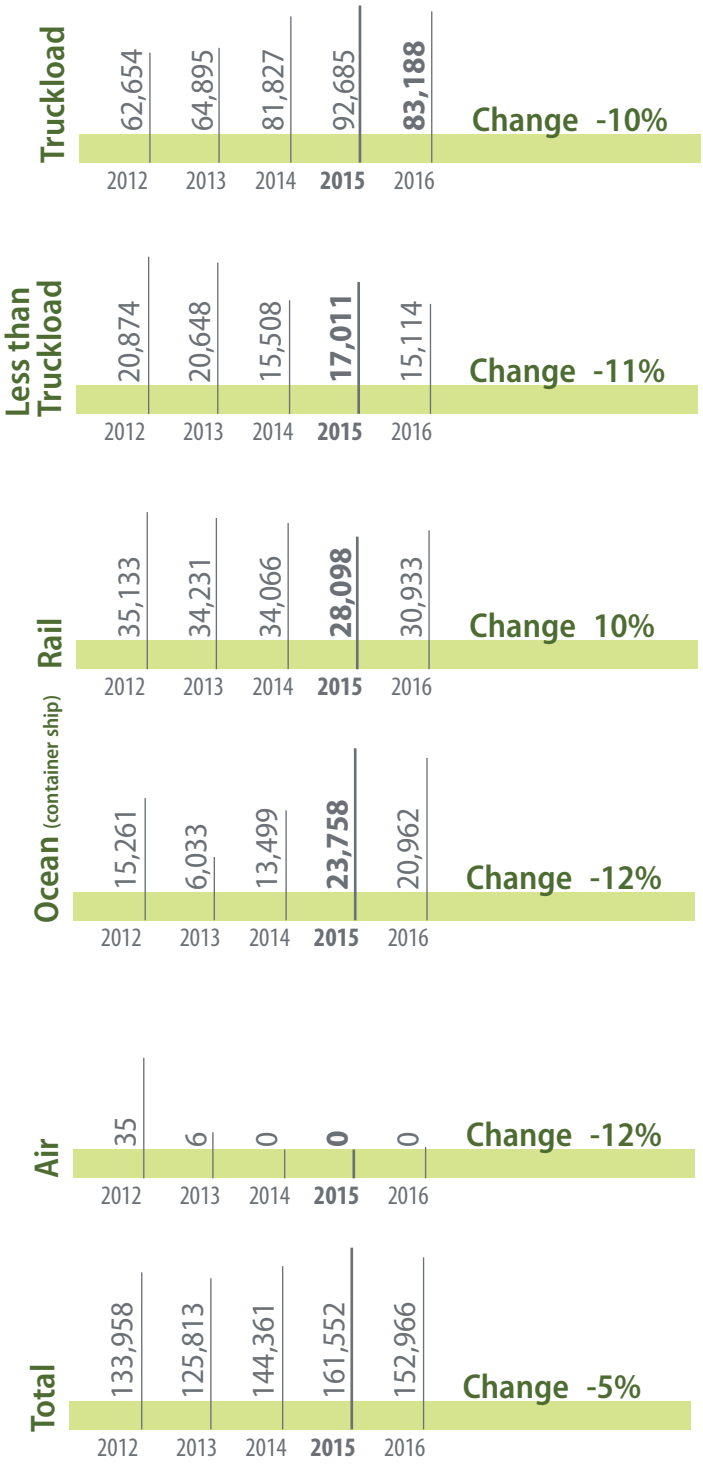

[Totals are in metric tons (MT). Landfill rate is the percentage of total solid waste that was sent to landfill. All percentages are 2016 versus 2015 baseline. Bars indicate relative change only. Not to scale.]

# Transportation

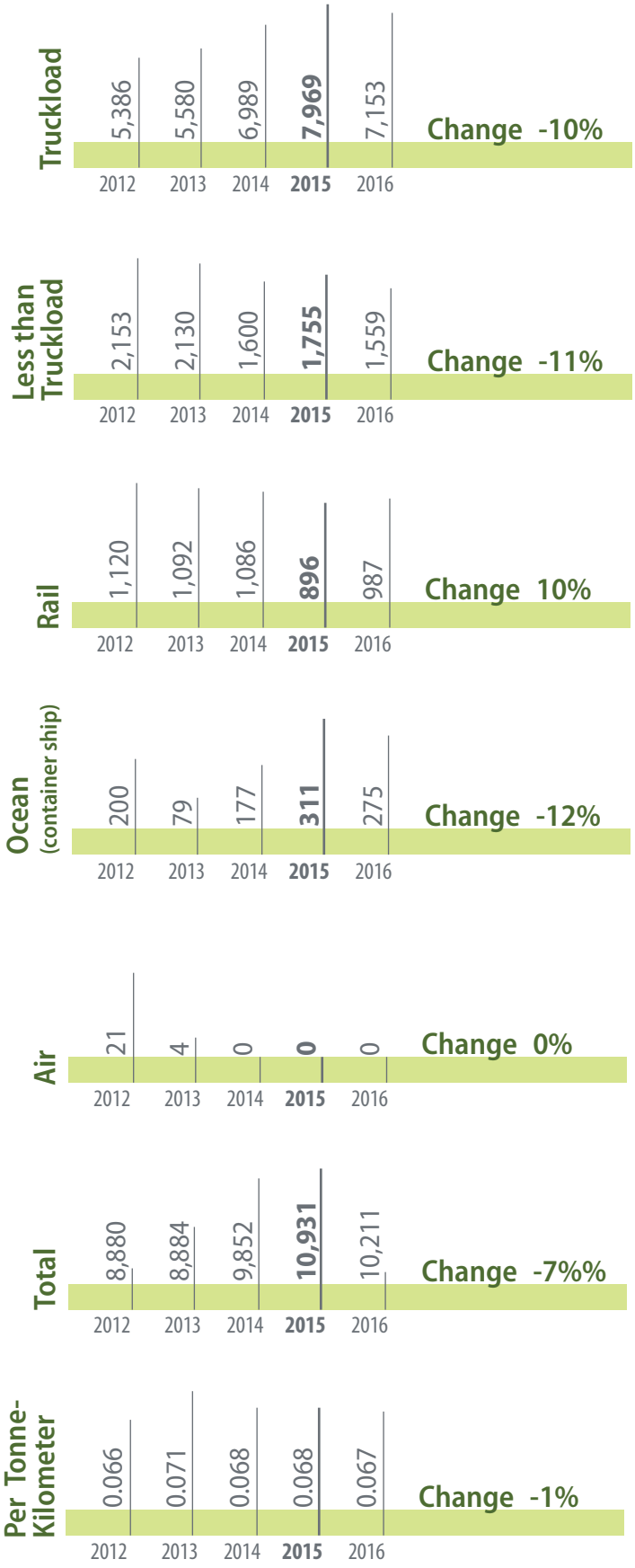
| | |
|---|---|
| 2020 Goal | -7% |
| 2016 Actual | -1% |

## Initiatives

- By adjusting imports from one port to another, our International Logistics group was able to **reduce inland trucking miles** by 150,000 resulting in a reduction of 13,000 MT of CO2E.
- Our Supply Chain group is continuing to focus on **maximizing truckload utilization** by working with individual customers and pool shipments.
- We are **onshoring some production that was done overseas** to the U.S. which will reduce emissions.
- We continue to **utilize our inbound carriers for outbound loads** eliminating deadhead miles for carriers that pick up our freight.




[All totals are in metric tons (MT) of CO2-equivalent emissions, except the per unit totals, which are in kilograms (kg) of CO2-equivalent emissions. All percentages are 2016 versus 2015 baseline. Bars indicate relative change only. Not to scale.]




[All totals are in thousands of tonne-kilometers. All percentages are 2016 versus 2015 baseline. Bars indicate relative change only. Not to scale.]

## Outbound Shipping Footprint

Rockline evaluates the environmental impact of its transportation operations by measuring greenhouse gas emissions from the outbound transport of finished goods. In 2013, Rockline officially became qualified as a U.S. EPA Smartway Partner, signaling our commitment to reducing transportation-related emissions and improving the fuel efficiency of our logistics network.

## Outbound Shipping Modes

Rockline's logistics team is constantly seeking new ways to reduce fuel consumption and optimize shipments. We use all major modes of transportation to ship finished goods, including truck, rail, ocean and air freight. For each of the shipping modes, 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. 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.

# Looking Ahead

Thank you again for taking the time to read our 2016 Environmental Sustainability Report. Rockline continues to demonstrate our commitment to openly reporting our performance. This is our eighth annual report and our first year after establishing our 5 year 2020 goals. This year showcased achievements around energy, wipes, solid waste, and transportation while detailing our challenges in our other metrics. Given that we have the motivation and support, I feel confident that we will make positive steps through the next year as we work towards achieving our 2020 goals.

I want to thank our Green Team representatives again for leading our efforts at the local site level. I would also like to thank all of our associates for their team and individual efforts that have contributed to the positive results detailed within this report. Finally, I would like to thank our Steering Committee for providing guidance and support to our Environmental Sustainability program.

Please feel free to contact me with any questions.

Sincerely,

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This report was prepared in partial compliance with the Global Reporting Initiative's G3 sustainability reporting guidelines.

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