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# 2012 SUSTAINABILITY REPORT

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*Dear Friends,*

On behalf of Whirley-DrinkWorks! TeamMates, I am proud to introduce our Company's first Sustainability Report. At first, it did not occur to us that a structured Corporate Sustainability strategy applied to a small family-owned business in Warren, Pennsylvania. After all, many large international corporations, with global supply chains and global markets, are just getting on board with Corporate Sustainability. On closer examination, however, it became obvious that Corporate Sustainability is a perfect strategy for Whirley-DrinkWorks! - not because it is something we feel we can begin to do, but because it is what we have always done. Corporate Sustainability is a defining element of who we are.

We have decided to organize our Corporate Sustainability priorities in four areas: Workplace, Environment, Community, and Marketplace. I believe the structure of a formal Corporate Sustainability program, including our commitment to developing annual goals and targets for each focus area will significantly advance the Whirley-DrinkWorks! Team as we continue our mission to be great corporate citizens of Planet Earth.

Please read ahead. We will welcome your feedback and suggestions for making improvements in our social, environmental, and economic performance. I am absolutely confident in the ability of our TeamMates to grow our legacy in Corporate Sustainability.

Sincerely,

Lincoln Sokolski

President, Whirley-DrinkWorks!

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## REPORT SUMMARY

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In this report you will learn about our four focus areas of Sustainability:

- *Workplace:* We developed a business model that has enabled Whirley-DrinkWorks! to provide stable manufacturing jobs for up to 300 TeamMates and steady employment for thousands of individuals with disabilities in sheltered workshops. Along the way, we have been voted one of the “Best Places to Work in Pennsylvania” and have received multiple Distinguished Service Awards from both the Pennsylvania and New York Associations of Rehabilitation Facilities.
- *Environmental:* We have recently adopted a goal to become a “Zero Waste” facility. Since 2004, we have reground and reused over 2 million pounds of plastic and created a product line made of 80% recycled plastic. Whirley has established on-site recycle stations for both work and home waste and we have drastically reduced the waste we send to landfills. We collect and recycle process water to cool our hydraulic machines, reducing waste water by 80%.
- *Community:* The names Whirley, Sokolski and Conarro are synonymous with community leadership and philanthropy in our home town of Warren, Pennsylvania. The Sokolski and Conarro Foundations are major benefactors to capital projects at Warren General Hospital, the YMCA, the Struthers Library Theatre and the Warren County Humane Society. Financial contributions to community organizations go well beyond the typical support for youth sports teams, volunteer fire departments, family services and festivals. In addition, our TeamMates’ names are abundant on the Boards of Directors of community organizations.
- *Marketplace:* We also lay claim to pioneering the refillable mug coffee programs at thousands of commercial locations across the country. This has promoted environmentally responsible consumerism by reducing the number of disposable cups going into waste streams by many millions. Our TeamMates have achieved consistent ratings of 95+ or “Excellent” in ASI Food Safety Audits for the quality of our manufacturing systems and facilities. We have internal quality assurance and test facilities and also use third party Certified Labs for product quality conformance testing. Whirley-DrinkWorks! is fully compliant with the Consumer Product Safety Improvement Act of 2008.

# Workplace

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## A GREAT PLACE TO WORK!

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At Whirley-DrinkWorks!, it's all about the people. We understand that our greatest opportunity for building a competitive advantage for the Company, and ensuring sustainable jobs for our TeamMates, is to create One Team that excels in productivity and creativity.

- We recognize and embrace the leadership challenge of maintaining our TeamMates' focus on delivering outstanding value to our customers.
- We are proud of the Company's rich heritage in applying continuous improvement processes that have enabled the transformation of our TeamMates' good ideas into innovative products and services.
- We are committed to a concept of total productivity through continuous investment in our people to maintain our position as market leaders.

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## STAFFING

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### *Encouraging Creativity & Innovation*

It is our philosophy that looking for the potential in people and giving them the freedom and opportunity to grow within the organization results in a highly creative and innovative workplace. We select and promote TeamMates on the basis of their individual skills, abilities and desire to work harmoniously with other members of the team.

Our belief in our people has been amply rewarded. The Company has an outstanding record for providing valuable career advancement opportunities. You can see the evidence in the high percentage of our management team who were promoted from within. Some of our managers have been promoted multiple times, having worked their way up from entry-level production jobs. A snapshot of our management team in November 2011 reveals that 65.5% (40/61) have been promoted at least once while employed here.

### *Flexible Work Force*

The seasonal nature of our business requires a flexible work force. We are pleased to provide seasonal employment to high school and college students on a part-time basis during the school year and full-time during the summer. In a typical 12-month period, we will employ 50 to 60 high school students and 70 to 80 college students. Many students return to seasonal jobs year after year. The Seasonal Teammate program provides an economical, flexible means to ensure Whirley-DrinkWorks! will continue to provide outstanding service to our customers.

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## HEALTH, WELLNESS & SAFETY

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### *Wellness Program*

Twice a year, Whirley-DrinkWorks! provides wellness screenings at no cost to TeamMates and spouses on a voluntary basis. This benefit provides them not only with a snapshot of their current health, but also gives them the tools to improve the outlook for their future health.

Additionally, the Company will reimburse TeamMates for half the annual membership costs for TeamMates, their spouses and families to join fitness clubs or weight loss organizations.

### *Safety First!*

The Company has a strong belief that safety is the responsibility of every Teammate. Our safety leadership teams, the Safety Steering Committee and the Safety Inspection Team, ensure that we have very active Teammate participation in our safety processes. Whirley-DrinkWorks! typically achieves safety results much better than industry standards for OSHA Recordable Rate, Lost Workday Case Rate, and Severity Rate.

### *N.E.W.S. Team*

Many of the health and wellness programs we offer are initiated by TeamMates themselves. One such group is passionate about educating their co-workers about N.E.W.S. - Nutrition, Exercise, Weight Management and Smoking Cessation. An incentive program keeps TeamMates on the right track to a healthy lifestyle.

### *Employee Assistance Program*

Whirley-DrinkWorks! provides an excellent Employee Assistance Program (EAP) that provides access to professional credentialed counselors. The counselors help TeamMates solve a wide range of personal troubles including: financial issues, behavioral health, elder care, substance abuse, workplace difficulties, legal problems, and much more.

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## TEAMMATE COMPENSATION

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Whirley-DrinkWorks! is proud that we have been able to sustain several hundred well-paying manufacturing jobs in the face of tough economic times and to have such a positive impact in our community. We have a very competitive and unique total compensation program and our base wages and salaries are very competitive in our labor market, far exceeding legal minimum wage standards. We have achieved such positive financial results that we are able to reward our TeamMates a Holiday Bonus every year, for all but 2 of the past 50 years!

### *Medical & Dental Plans*

We have excellent medical and dental plans and we make them very affordable for our TeamMates. The basic premium contributions for medical benefits are well below the averages for both the national and local labor markets. In addition, TeamMates who actively participate in the wellness program and achieve certain benchmarks have the opportunity to reduce their contribution rates even further.

### *Retirement Savings*

The Company provides both Profit Sharing and 401-k plans for our TeamMates. We make regular contributions to TeamMates' Profit Sharing accounts. This practice has not been suspended or reduced, even during the last ten years of economic recession.

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## FOSTERING GROWTH FOR THE FUTURE

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### *Scholarship Program*

The children and grandchildren of Whirley-DrinkWorks! TeamMates are eligible to apply for scholarships to offset tuition costs at two- and four-year colleges. In the 2010-11 school year, 23 students received scholarships ranging from \$1,000 to \$2,500. Overall, this program has helped 298 students obtain their college degrees since 1996.

### *Good Idea Club*

The Good Idea Club is a cornerstone of our commitment to continuous improvement and one of the defining elements of the Whirley-DrinkWorks! culture. In return for the hundreds of Good Ideas that are submitted each year, TeamMates receive coins that can be used to purchase paid time off, gift cards and even meals at local restaurants!

### *Annual Survey*

We administer an annual survey to assess the level of satisfaction for important working climate factors. In 2011, the overall level of satisfaction with employment at our Company remains extremely high. Confidence in senior leadership, understanding the direction of the Company, TeamMates' relationships with their supervisors, and the Company's commitment to creativity and innovation are all working climate factors that are perceived in a very positive light.

### *Teammate Relationships*

Our Company has a unique "team spirit" which has been the foundation for continuous growth in our industry. This spirit of cooperation and "whatever it takes" attitude is directly responsible for our success. Every year, we hold two signature events to recognize our TeamMates' accomplishments and longevity with the Company. The TeamMate Appreciation Luncheon is held in November and the Milestone Luncheon is held in January. Our TeamMates are very proud of the awards and recognition they receive at these events.

# Environmental

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## PROTECTING THE ENVIRONMENT

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Reducing the environmental impact of Whirley-DrinkWorks' business operations are central to our mission and business model. Indeed, the inherent reusable quality of our products can reasonably be claimed to have produced a significant net "cost avoidance" to the global environment. Whirley-DrinkWorks! puts waste reduction measures, responsible use of energy and TeamMate environmental education among our top priorities.

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## ENVIRONMENTAL AUDIT

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In 2012, Whirley-DrinkWorks! will undergo a full-scope environmental audit. We have contracted with a third party to undertake a full review of facility operation conditions, confirming regulatory requirements and necessary written programs and identifying areas of environmental concern. The audit will also include a review of applicable permits and recordkeeping procedures.

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## REDUCING WASTE

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Our Company continually strives to reduce and recycle waste generated by our office and manufacturing operations.

### *Waste to Landfill*

In 2002 we began a regrind/re-pelletize process which recycles our scrap material and obsolete plastic components. In the past much of this material would have gone to a landfill. Today, we recover approximately 500,000 pounds of re-pelletized plastic each year and reuse it in our products. Whirley-DrinkWorks! also sells about 40,000 to 50,000 pounds of re-pelletized polyethylene each year to third parties. Together, we estimate these two processes save the Company about \$0.5 million per year.

In 2007, we installed three efficient waste-oil-heaters and began recovering and burning used hydraulic and motor oil. The Company is now burning between 6,000 and 7,000 gallons of used oil annually, reducing waste oil and offsetting the cost of traditional heating sources.

### *Recycling Stations*

Whirley-DrinkWorks! began a company-wide recycling program in 2007. We have recycle stations for paper, plastic, plastic films, polybag cores, corrugated cardboard, glass, batteries, and metal in all three of our buildings. Not only do we recycle business waste, our TeamMates are permitted to bring recyclable waste from home.

We conservatively estimate the recycling of these materials alone will reduce the waste we send to landfill by about 10 tons per year.

Additionally, the Company arranges for the collection and recycling of TeamMates' personal electronic items and discarded appliances once a year. In 2011 the Company collected and properly disposed of 1,920 pounds of used computer monitors and CRT's.

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## USING ENERGY RESPONSIBLY – PRODUCTION/OPERATIONS

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### *Efficient Mold Presses*

Whirley-DrinkWorks! has a program in place for systematically replacing our hydraulic injection molding presses with more efficient electric presses. The new electric presses require only 25% of the electricity compared to hydraulic presses and increase productivity (three electric presses have the same production capacity as 4 hydraulic presses). The electric presses provide the added benefit of eliminating water consumption for this process. In 2011, we replaced three hydraulic presses with three electric presses, bringing our total electric press replacement to 12 in the past five years. We are excited to be able to add 3 more electric presses in 2012.

### *Press Chiller System*

In 1999, we realized an 80% reduction in water usage for our press chiller system process when we fabricated a system to re-cycle the water an additional 4 times. This process is utilized in colder temperatures when the water is pumped through an outdoor heat transfer unit that uses cold air exposure to re-chill the water.

In 2011, the Company installed a new chiller system in our Mold Facility in 2011. The new system, which replaced two older units, has more sophisticated electronic controls and sensors that produce more accurate readings. It operates on less than half the electricity previously required.

### *On-Demand Compressors*

In 2012, we have plans to replace two air compressors, each with 230 cubic feet per minute (CFM) capacity, with one compressor with 750 CFM capacity. The new compressor will have variable speed drive functionality and the motor will operate at full speed only "on demand," reducing electricity consumption by an estimated 50%.

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## USING ENERGY RESPONSIBLY – COMPANY-WIDE

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### *Efficient Lighting*

We have upgraded our lighting in all buildings with T5 electronic ballasts and will begin conversion to T8 ballasts in our administration building in 2012. In 2011 the Company installed occupancy sensors, which have been used for years in our meeting rooms and restrooms, to control lighting in over 150,000 square feet of warehouse space.

### *Grid Management Programs*

Whirley-DrinkWorks! has entered into agreements with EnerNOC, Inc. to participate in the Pennsylvania, Jersey, Maryland (PJM) electrical grid's Emergency Load Reduction (ELRP) and Peak Load Contributor Programs (PLCP).

The ELRP is an energy demand response program designed to help balance electricity supply and demand requirements to ensure the safe and reliable flow of electricity and reduce the likelihood of power outages. Upon notice from EnerNOC during a peak load period, the Company is obligated to curtail our electrical consumption from the PJM grid by 500 KW.

Under the PLCP, EnerNOC provides a daily energy forecast for that day and the following week. When a "Red Day" is indicated, our Company has a plan to reduce electrical consumption by a systematic shutdown of mold presses. In 2011, we experienced one curtailment under ELRP and 12 Curtailments of 200 – 300 KW each under PLCP.

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## TEAMMATE EDUCATION

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Whirley-DrinkWorks! has had an active TeamMate-driven Green Team for over five years. The Green Team was responsible for developing our recycling program, including coordination of the annual home electronics and appliance recycling effort.

**Community Garden:** Since 2010, the Green Team coordinated the construction of two Community Gardens for use by TeamMates to grow their own vegetables and herbs.

**Allegheny River Cleanup:** In the past two years, Green Team members have volunteered for the Allegheny River Cleanup project, joining more than 300 other volunteers to remove tons of junk and debris from the water and riverbank.

**Education Initiatives:** Green Team members are regular contributors to "Imprints," our Company newsletter, and to our Information Center bulletin boards with articles and informational materials about environmental responsibility.

# Community

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## MAKING A POSITIVE DIFFERENCE

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Corporate responsibility for supporting social programs and institutions in our community has been an important part of our heritage since the Company was founded more than 50 years ago. Bob Sokolski and Hal Conarro, our founders, believe that charity begins at home and we are very proud of our rich history in making a positive difference in the quality of life in Warren, PA.

## SOCIAL RESPONSIBILITY

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We believe that what is good for Warren is good for Whirley-DrinkWorks! Our charitable contributions and social responsibility programs are funded by the Company, by our TeamMates and by distinct entities: the Whirley Foundation, the Sokolski Foundation and the Conarro Foundation. When it comes to volunteerism, it would be difficult to find a community organization that does not benefit from the volunteer contributions of one or more TeamMates.

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## PHILANTHROPY

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### *Building Committees*

In 2011, Bob Sokolski, CEO Whirley-DrinkWorks!, was the recipient of the Warren County Chamber of Business and Industry's very first Philanthropy Award. It couldn't have been a difficult choice. Bob's philosophy regarding the community is, "We've always felt getting involved is just as important as giving money." If you take a look around Warren, PA it is easy to see that Bob and his partner Hal practice what they preach. In the process, they have set a fine example for our TeamMates to follow in making Warren a great community to live in and raise a family.

**Warren YMCA** - Bob and Hal were members of the original building committee for constructing the updated Warren YMCA in the early 1980's. In addition to a generous financial contribution, Bob in particular was a driving force in obtaining the necessary financing as well as the design and construction of the building.

**Warren Salvation Army** - The Sokolski Foundation provided the largest financial gift that made it possible to build a new headquarters for the Salvation Army.

**Cancer Care Center at Warren General Hospital** - The Conarro and Sokolski Foundations both made handsome financial contributions to support the construction of the Cancer Care Center at Warren General Hospital.

**Struthers Library Theatre** - The Sokolski Foundation was also responsible for funding the construction of a handicapped seating area in our community theater, the Struthers Library Theatre. In addition, the Company provided the financial support needed for the installation of an energy efficient HVAC system in the Theatre.

**Warren County Humane Society** - The Whirley Foundation provided the lead gift needed to support the construction of a new home for the Warren County Humane Society. Bob Sokolski was personally involved in obtaining the remaining financing, and in securing the necessary land, to make this project a huge success.

*Building Committees continued on next page...*

## *Building Committees Continued...*

***Second Harvest Mobile Food Pantry*** - Whirley-DrinkWorks! partners with the Second Harvest Food Bank to make possible the Second Harvest Mobile Food Pantry. The Mobile Food Pantry pioneered the concept of delivery of food to needy families in rural areas for the Northwest Pennsylvania region. The Sokolski Foundation subsidizes the cost of the Mobile Food Pantry with a donation of \$1,100 per truckload of food.

***St. Bonaventure University dual enrollment program*** - Our Company is very proud to have played a role in bringing the St. Bonaventure University dual enrollment program to Warren. This program provides opportunities for high school juniors and seniors with high GPAs and SAT scores to take college-level classes for credit at a satellite "campus" in Warren County. Students can earn as many as 59 credit hours at a much reduced rate of tuition, making it possible to graduate from high school and enter college only one credit hour shy of junior status. The Sokolski Foundation was a major contributor to paying for the construction of classrooms and equipment for the St. Bonaventure program.

***Whirley Foundation Beneficiaries*** - The Whirley Foundation's two primary beneficiaries are the United Fund of Warren County and the Whirley Scholarship Program. The Whirley Foundation contributes a fixed amount per TeamMate to the United Fund every year on top of TeamMate contributions made through payroll deduction. Together, we provide over \$40,000 per year to the United Fund.

In 2011, the Whirley Foundation contributed \$35,000 to the Whirley Scholarship Program which funded college scholarships of \$1,000 to \$2,500 for 23 students.

***Fundraiser Donations*** - Whirley-DrinkWorks! is in the business of designing and manufacturing plastic drink and food containers imprinted with custom artwork. Every year, we donate literally tens of thousands of products to non-profit and civic organizations to be used for fundraisers or gifts. We are especially pleased to make an in-kind donation every year to Ronald McDonald Houses across the U.S. and Canada.

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## VOLUNTEERISM

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The founders of Whirley-DrinkWorks!, as well as many of our managers and TeamMates are leaders by example when it comes to their volunteerism and community involvement. Bob Sokolski served as President of the Boards of Directors of Warren General Hospital and the Warren State Hospital.

Other TeamMates currently serve on the Boards of Directors of various community organizations including the United Fund, Struthers Library Theatre, Salvation Army, Bollinger Enterprises, Warren County Chamber of Business and Industry, Warren County Fair, and Conewango Valley Country Club. TeamMates also serve in leadership positions with Boy Scouts, Girl Scouts, 4 H, Red Cross, several Volunteer Fire Departments, Adopt A Highway programs, and youth sports teams.

**Mobile Food Pantry** - Whirley-DrinkWorks! TeamMates, with financial support from the Company, were instrumental in developing the Second Harvest Mobile Food Pantry. The Mobile Food Pantry delivers enough food for 130 needy families in surrounding rural locations. Neither rain nor snow nor the humidity of summer has deterred the half dozen TeamMates from volunteering their time to facilitate the unloading and delivery of food six to nine times a year since 2008.

**Volunteer Matching Time** - In 2012, the Company plans to launch a Volunteer Matching Time program. Under this program, the Company will match a portion of hours that TeamMates volunteer for approved community activities such as tutoring troubled kids, Habitat for Humanity, building a children's playground, or even painting an elderly person's house. The matching hours will be paid time off to be used for the same or other approved volunteer activity. The Company will initially fund this program with 500 matching hours.

## Marketplace

If the best predictor for our future is looking at our past, then we can say with certainty that we are excited to see where our research into materials innovation and consumer safety leads us.

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### CONSUMER SAFETY EXCELLENCE

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Whirley-DrinkWorks! has a record of designing and manufacturing quality products that excel in consumer safety tests. Since the 1970's, our passionate TeamMates have been at the helm of introducing waste-reducing-products into mainstream markets.

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### REDUCING WASTE STREAMS

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Whirley-DrinkWorks! takes pride in the quality of products that we design and manufacture. Not only are they a valuable profit generator for our customers, they give the end-user a means to easily reduce waste in their life and community.

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## WASTE REDUCTION

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### *Multi-use vs. Disposable Plastics*

The high quality plastic used to manufacture our cups, mugs and food containers makes them very durable. We still receive messages from loyal users who have used the same mug for 30 years and more. In terms of energy usage, reusable plastics are more efficient than foam cups when used over a period of time – about 450 uses. The immediate benefit of reusable plastics is the reduction of litter and waste in landfills.

### *Refill Programs*

Whirley-DrinkWorks! introduced the popular refill mug program to Restaurants and Convenience Stores across the United States & Canada in the late 1970's. The refill mug program creates a win-win model for the store owner, the consumer and the environment. Special refill pricing rewards customer loyalty and helps the store owner reduce their environmental footprint. Our travel mugs last an average 3,000 uses, thereby eliminating the use of disposable paper and Styrofoam cups for each use.

### *Customer Support*

Many of our customers come to us for help in implementing zero-waste programs in their facilities. Communities and institutions are the perfect hot-bed for experimenting with different programs for reducing waste in their foodservice operations. Our TeamMates and Sales Representatives have played an integral part in creating environmental improvement programs for many communities. They have used their ability to analyze the customers' goals to generate creative solutions that can jump start a community's environmental improvement program.

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## CONSUMER SAFETY

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### *Quality Assurance*

Whirley-DrinkWorks! is in full compliance with all consumer product regulatory requirements and industry testing standards. The Consumer Product Safety Improvement Act of 2008 (HR40-40) requires that all of our products are test and meet approved Lead and Phthalates content requirements for the appropriate age grading. All new Whirley-DrinkWorks! inventory is Phthalate Free PVC.

Our in-house Quality Assurance teams in both our US and China facilities pull random samples from the production line to perform product quality tests. Our TeamMates on the production line are also trained to spot quality issues in between our regular testing.

### *Product Safety*

All Whirley-DrinkWorks! products that have food contact surfaces are BPA free. Additionally, we comply with California Proposition 65 of 1986, a law put in place to promote clean drinking water and keep toxic substances out of consumer products. There are almost 900 chemicals listed (as of Jan. 2012) as requiring a product warning if exceeding the safe harbor limits.

### *Third Party Testing*

Our TeamMates are fully committed to providing products that meet the highest quality and safety standards. We are voluntarily audited by three international lab partners: Intertek, Specialized Technology Resources (STR) and Bureau Veritas. We are consistently awarded a Certificate of Excellence from the ASI Food Safety Consultants group, which provides standards for products that are manufactured for food contact.

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## MATERIALS INNOVATION

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### *New Product Development Team*

Our New Product Development TeamMates continually look for new innovative materials suitable for use with food contact consumer products. Our goal is to create a product that creates a completely sustainable supply chain.

Besides researching innovative materials, the New Product Development team also creates innovative product designs that cut down on packaging waste and shipping weight. One such design was a collapsible and stackable popcorn bucket. Another was a collapsible drink bag which cut down on shipping weight and space constraints.

These types of innovations not only help us look toward the future, but also help our customers easily implement sustainable practices within their company's operations.

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## CONTACT US

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### *Whirley-DrinkWorks! Support Team*

Thank you for reading our 2012 Sustainability Report. Please contact us if you have any questions regarding this report or our Company.

### *Corporate Office:*

Greg Leif, Director of Human Resources

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Visit us online: [www.WhirleyDrinkWorks.com](http://www.WhirleyDrinkWorks.com)