



# 2020

## **SUSTAINABILITY REPORT**

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# OUR SUSTAINABILITY PLEDGE

## PEOPLE. PLANET. PROSPERITY.

Coastal Container's purpose is to protect our customers' products and reputations from dock to destination. And as inhabitants of our community, nation and planet, we understand our responsibility to also protect the places we do business and the people who live there.

**This is the crux of sustainability—to meet our stakeholders' needs today while protecting our people and planet for generations to come.**

Sustainability, as an integral part of a business plan, is difficult. The ability to see opportunity and translate that into real-world business practice takes effort and resources. It's way more complicated than recycling pop cans in the kitchen and cardboard in the plant. In this document you will find our vision, our current actions and our best shot at an honest assessment of where we are today relative to our aspirations. We are doing many things well, but we are not done, and we know it.

***We are dedicated to sustainability as a robust interconnection among our people, our planet, and our prosperity, which serves our community. And so, we pledge to conduct our business in alignment with our environmental principles, with an ongoing commitment to being both a great place to work, and a trusted neighbor and business partner.***

We want to be accountable to our commitments, which is why in our strategic planning, we will be transparent about our intentions and set measurable targets we can track for year-over-year progress. In addition, we will share what we learn about successful sustainability measures and be advocates of best practices in the packaging industry among our community partners.

# PEOPLE

## ◀ SUSTAINING OUR PEOPLE

We believe that work empowers people to grow: physically, psychologically and socially. As people satisfy their need to grow, the organization where they work grows too. And the more an organization provides meaningful work, the more people will grow.

People deliver their best when they are thriving both at work and at home. Starting with the most basic needs; from entry-level to senior management, all our people enjoy competitive wages, company-sponsored retirement options, access to high-quality health care, and safe working conditions.

But fair compensation and safety are just the fundamentals and don't necessarily address all of the needs of people at work. More than a paycheck, people want their work to have meaning. Work is always either helping or hurting our team members' growth. Work is not a necessary evil that we must endure so that we can afford to go about the other parts of our life.

Since our founding in 2007, this reality has driven our choices on how to lead our business by supporting and investing in the lives of everyone associated with our business. We are committed to creating an environment where our employees can do meaningful work in a culture of partnership with opportunities for continuous development.

# INVESTING IN PEOPLE

How Coastal is investing in our people:



## SERVANT LEADERSHIP

Leaders exist to serve their team members; as such, we select, review, assess, and develop our leaders in alignment with 7 principles of servant leadership: listening, empathy, growing people, awareness, influence on others, looking ahead and team building.



## JUSTICE ON THE JOB

While we have policies for guidance, we recognize that the strict interpretation of a policy does not always ensure justice. We listen, weigh the facts, and work hard to make a just decision to resolve workplace conflicts.



## EDUCATION

We provide internal training and support perpetual learning for employees, a practice that encourages our people to grow personally and professionally.



## PERSONAL DEVELOPMENT

Every employee receives four yearly development reviews, where employee and manager/team leader collaborate on plans for improving job skills and progressing in career goals.



## COLLABORATIVE PLANNING

A diversity of thought brought to each problem is an opportunity to enrich the solution—in company planning we work to include the input of all employees via surveys, focus groups, and team meetings.

# PLANET

## ◀ BREAKING DOWN THE BOX

The majority of our packaging products are constructed from corrugated, composed of three layers: a fluted medium layer sandwiched between outer layers. Our boxes are currently made with approximately 30% recycled corrugated material. The other 70% of new or virgin corrugated comes from a certified Sustainable Forestry Initiative (SFI) mill. The forests they source from are renewable: foresters and loggers harvest just enough trees to make packages, and for every tree harvested, three more are planted in its place. Boxes are glued together using water-soluble glue and printed on with biodegradable ink.

It's important to us that our corrugated packaging is an environmentally sound choice: it's renewable, recyclable, and compostable.



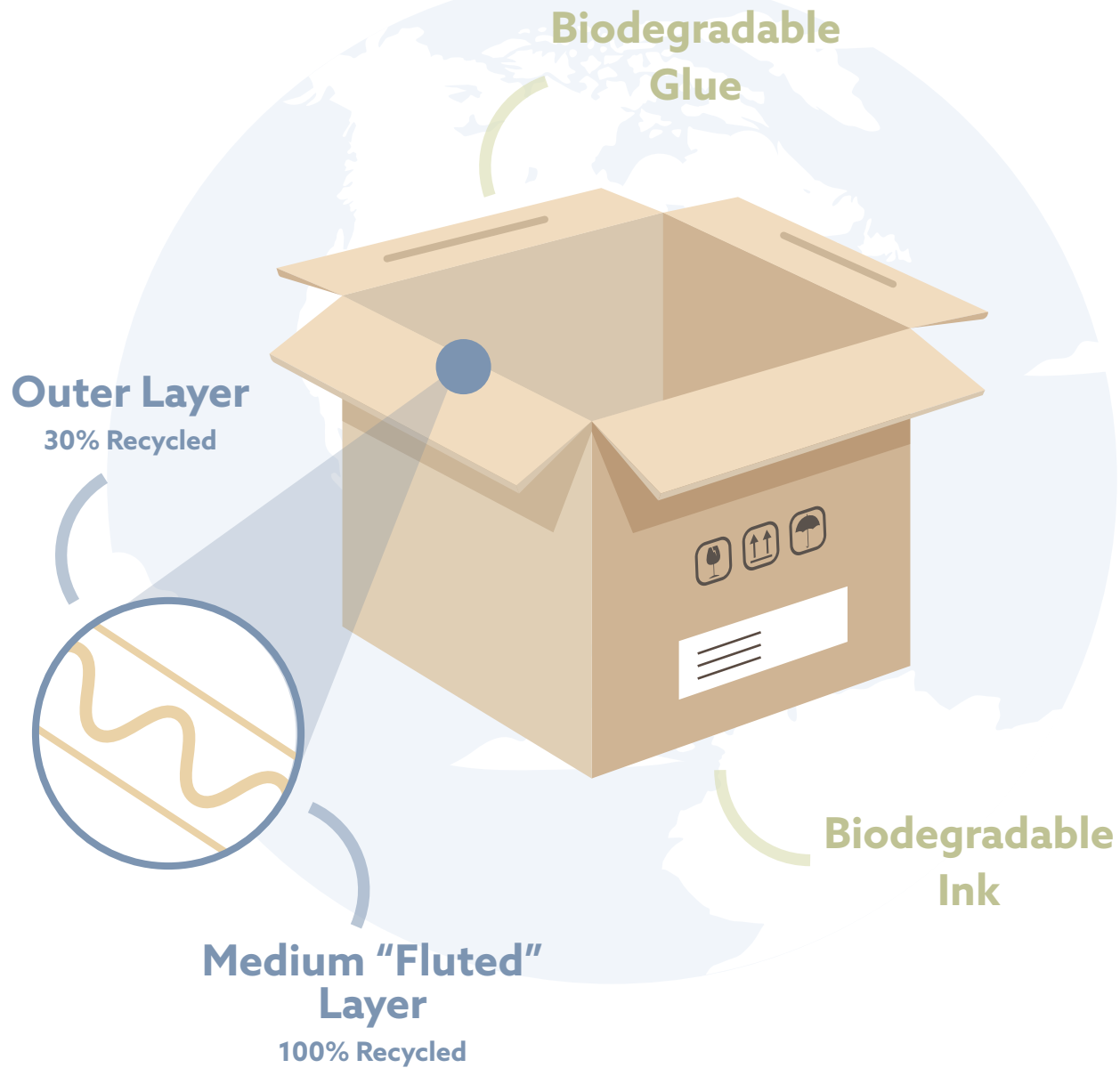
Biodegradable  
Glue

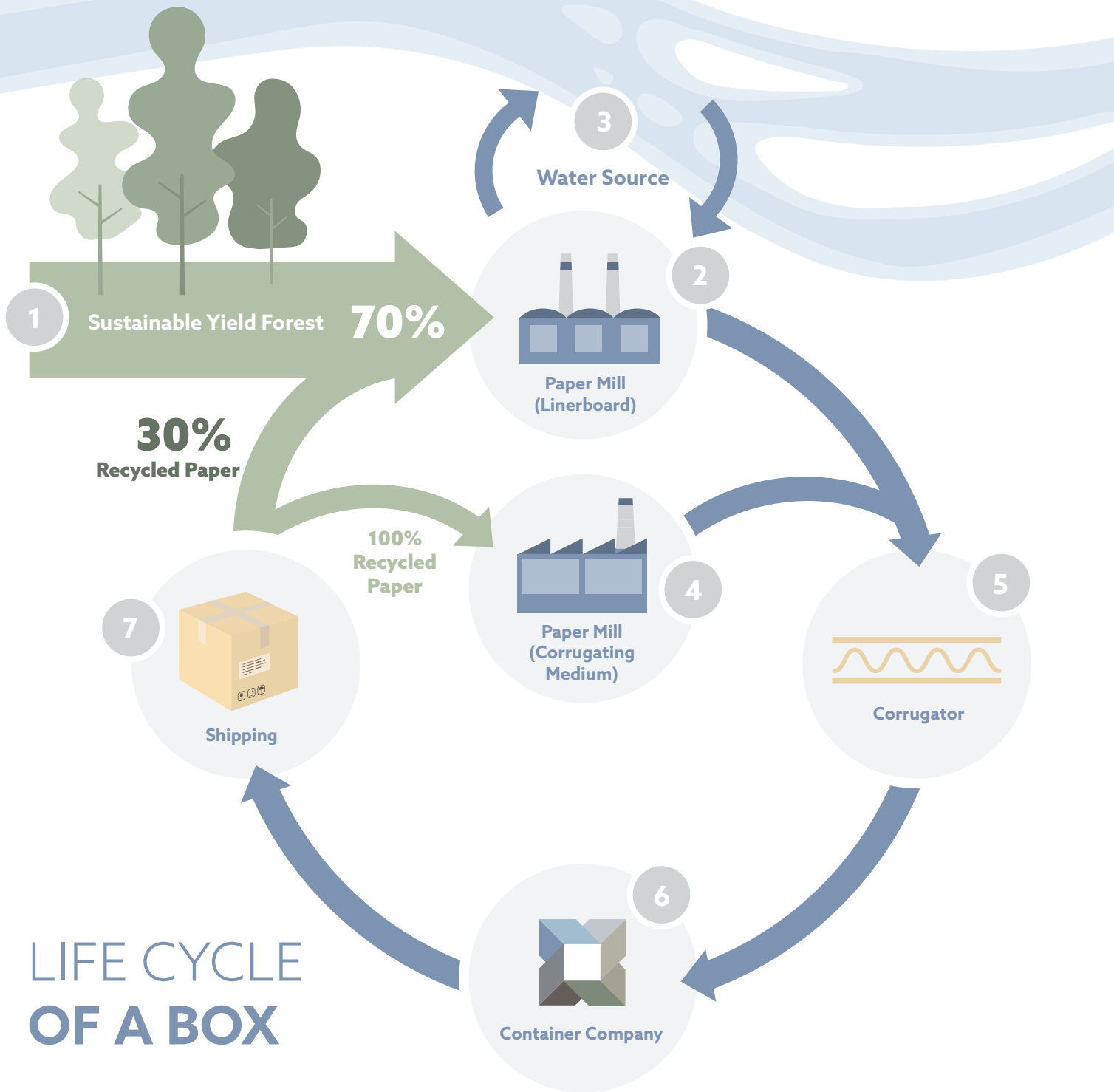


Biodegradable  
Ink



SFI / Chain of  
Custody Certified Paper







## **1 SUSTAINABLE YIELD FOREST**

The life of a box starts in a sustainable-yield forest. More sophisticated than the clearcutting forestry of our great-great grand fathers, sustainable yield forests are, as their name implies, 100% sustainable. Foresters divide large land equally into 8 plots, each of which can provide enough wood to sustain operations for 1 full year. As a tree takes approximately 8 years to grow, foresters harvest each plot only once every 8 years, planting 3-4 new trees for each one they harvest, guaranteeing growth for years to come. In this way, we can sustainably harvest wood much as we would harvest corn or any other crop but with a much longer growing season.

## **2 PAPER MILL (LINERBOARD)**

Coastal Container sources paper from suppliers that use a blend of approximately 30-40% recycled materials, with the remainder of material coming from sustainable yield forests. Wasting nothing during the production process, the mill scrapes off excess bark and sap and transforms those byproducts into a 100% renewable energy source to power their operation.

## **3 WATER SOURCE**

Paper pulp production also requires water, which our supplier draws from a nearby river and can be heavy with pollutants from agricultural runoff. During the process, the paper mill cleans and purifies this water, returning even safer, cleaner water than before.

## **4 PAPER MILL (CORRUGATING MEDIUM)**

While the corrugated linerboard requires some virgin materials for structural stability, the corrugated medium (the middle or fluted component) is made from 100% recycled corrugated, wood or wood-like materials.

## **5 CORRUGATOR**

Corrugators transform raw paper materials into the corrugated materials we use to construct sturdy, reliable containers.

## **6 CONTAINER COMPANY**

Packaging and container companies like Coastal Container use corrugated sheets to build containers that protect your product and reputation from dock to destination.

## **7 SHIPPING**

Companies all over the United States rely on Coastal's corrugated containers to protect their products during shipping and storage. After they fulfil their purposes, containers can be recycled and combined with raw materials for the creation of new paper materials.

# ◀ WHY DON'T YOU MAKE BOXES FROM 100% RECYCLED MATERIALS?

## 1 Performance

In order to perform their primary function of protecting and safely transporting goods, boxes need to be performance engineered for strength and durability.

Corrugated is the most-recycled material worldwide, but each time it's repulped, the wood fibers become shorter and the material weaker. **At a certain point (around 30~40% recycled material, depending on the product) the law of diminishing returns kicks in, and we start sacrificing the safety and integrity of our box to squeeze in a fraction more recycled material.**

As a result, we aim to use corrugated material right at that “green tipping point”—approximately 30:70 recycled-to-virgin material—to maximize our products' durability while minimizing our environmental impact.

## 2 Renewable Energy

Paper production is an energy-consuming process. Coastal Container's suppliers use excess bark and sap from sustainable-yield forests (see chart) to power their facilities with a 100% renewable-energy source.

In contrast, paper manufacturers that limit their raw materials to recycled materials lack the bark and sap for self-sustaining energy production, forcing them to source their energy elsewhere. Less than 20% of energy produced in the US in 2020 came from renewable sources.

**Looking at the bigger picture, which includes energy sources, using a blend of recycled and sustainable-yield virgin materials can be and often is greener than a 100% recycled paper approach.**

# ENVIRONMENTAL IMPACT

Since our founding, Coastal Container has made sustainable and responsible practices an integral part of how we run our business. Our processes, the materials we use and even the construction of our facilities reflect our value for reducing environmental impact wherever possible. In 2017 and 2018, Coastal participated in the Michigan Battle of the Buildings and took the Biggest Loser award for energy use and carbon footprint reduction.

After over a decade of operating with these values, we're ready to take our sustainability goals to the next level.

**Starting in 2021, Coastal Container is committed to setting five-year measurable environmental impact goals and making yearly progress towards those goals.** These initiatives will include practices designed to reduce impact throughout our supply chain—from paper mill to delivered product.

Adding to the measurement systems we already have in place (paper, glue and ink), by the end of 2021, we'll establish six key metrics that track our progress towards five-year goals.



# PROSPERITY

## ◀ SUSTAINING OUR COMMUNITIES

In business terms, prosperity is often measured as profit. But profit is not the purpose of our business—rather, it is how we fund our future and make our business sustainable for all stakeholders. With profit we acknowledge the investment of our owners, we bring the best products and services to our customers, we invest in our team members, we enhance our supply chain, and we partner with the communities in which we work. If we are not prosperous we can do less of these good things.

And with specific respect to our communities, its reciprocal: businesses prosper in healthy communities and prosperous communities cause businesses to flourish. This relationship between community and business underscores one of our key sustainability philosophies: as we prosper, it's our responsibility to serve our community as best we can in big and little ways.

# COASTAL COMMUNITY INITIATIVES



## COMMUNITY EVENT SUPPORT:

Coastal is a regular supporter of local events and needs, including Christmas and Thanksgiving parades, Tulip Time events, and many more.



## CHARITABLE GIVING:

Coastal Container supports a number of local non-profit organizations, including Community Action House, D.A. Blodgett St. John's, Holland Rescue Mission, Boys & Girls Club of Holland and Bethany Christian Services. And every year, team members have the opportunity to nominate new local charitable causes to support.



## LEADERSHIP INSTRUCTION AND MENTORING:

Coastal executives and managers provide leader training and mentoring in local university programs as well as supporting publicly-offered leadership training programs.



## EXECUTIVE ROUNDTABLE:

Coastal executives lead a meeting of 50 local senior executives dedicated to finding best practices for managing our businesses.



## WEST MICHIGAN ECONOMIC DEVELOPMENT:

We both donate to and sit on this advisory board, which guides community growth and investment.



## WHAT'S IN THE NEXT BOX

We are excited to put in the hard work on our path toward becoming a more sustainable, environmentally responsible company. In prioritizing the needs of our environment, society, and economy, we are starting small and will scale up our efforts over time. By being transparent about our success, we hope that others can learn from our efforts. Likewise, we also will be transparent about our failures so that others can offer us their help.

These gauges depict the management team's overall assessment of progress toward our 2025 sustainability goals. We chart our progress in terms of three impact areas: people, planet, and prosperity.



**People** measures our progress on multiple targets toward making Coastal a great place to work.



**Planet** measures our waste reduction targets.



**Prosperity** measures our positive impact as a trusted neighbor and business partner, in all our communities.



[COASTAL-CONTAINER.COM/SUSTAINABILITY](https://coastal-container.com/sustainability)



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