

PROMOTIONAL PRODUCT SOLUTIONS

MAKING A DIFFERENCE

SUSTAINABILITY REPORT 2007-2008

PPS was started to fill a gap in our industry.

In our globalized world, public interest in environmental and social issues has been growing steadily. Climate change, fair working conditions in factories overseas, lead paint in our children's toys, ethical business practices – or the absence of ethical business practices – all are routinely headline issues. This is affecting the marketplace: On the demand side, consumers are demanding more environmentally and socially responsible products.

And on the supply side, companies are responding to this demand – with socially and environmentally responsible practices and products, exemplified by companies like Method, Patagonia, and Aveda or initiatives by well-respected companies like the Gap, with its Gap Red Campaign.

And just like individual consumers, corporations, educational institutions and non-profit organizations are taking into consideration the social and environmental impacts of their procurement.

So, PPS was formed to fill a gap in our industry. **We work every day to be the leading source of environmentally and socially responsible promotional products and services for our customers.** Our company takes the best practices in corporate social responsibility and applies them to our industry, and we call our approach socially responsible promotions.



As part of this commitment, we're excited to share our social and environmental performance with our customers, suppliers and other stakeholders in *Making a Difference*, our first sustainability report. We understand that we're only at the beginning of our journey, and there is so much more to do. Please feel free to offer feedback or suggestions to me, the CEO, Jocelyn Azada, at jazada@ppsolutionsllc.com or 414-258-2851.

Jocelyn M. Azada
September 2009

WHO WE ARE AND WHAT WE DO

We're a full service promotional products company, headquartered in Milwaukee, Wisconsin, USA. Founded in 2005, we're a certified minority-owned promotional products company and the industry's only distributor with a distinct focus on corporate social responsibility. We began our first calendar year in January 2006. PPS has been a Green America (formerly Coop America) approved company since December 2006 and a member of 1% for the Planet since 2007. In January 2008, PPS became the first distributor in the industry to become a member of Ceres. In June 2008, PPS also became the first distributor in the industry to become a member of Social Accountability International, an established leader in the field of social compliance.

PPS is also a member of the Advertising Specialty Institute and is a certified minority owned business with the National Minority Supplier Development Council.

A promotional product is a logoed item, such as a pen, a tshirt, or a tote bag. There are literally hundreds of thousands of products available in our industry, ranging from products such as plastic lanyards, ceramic coffee mugs, writing instruments, post-it notes, magnets, water bottles, coffee, chocolate, flashlights, calculators, USB drives... anything you can imagine putting a logo on and then some.

Promotional products are a key part of the marketing mix because they are tangible expressions of a company's brand. Harley-Davidson, one of our customers, is an example of a premiere brand that uses promotional products to extend the company's brand and further create a sense of community and belonging to the brand.



Distributors sell promotional products to end users like Harley-Davidson. We source products primarily from industry suppliers. According to the Advertising Specialty Institute (2008), there are about 18,000 distributors – like PPS – who source from approximately 3,000 industry suppliers. There are approximately 500,000 different products that we can offer to our customers. It's a fragmented and highly competitive industry, and by its nature – since we're distributors sourcing the same products from the same suppliers – it's a challenge to differentiate yourself. We have chosen to differentiate ourselves through our **focus on social responsibility**.

18,000 Distributors
3,000 Suppliers
500,000 Products

Our customers are committed to making a difference. We provide socially and environmentally responsible products, in a socially and environmentally responsible way, to help our customers communicate the difference they make.








SOCIAL AND ENVIRONMENTAL PERFORMANCE

OUR SERVICES AND PRODUCTS

Our Brand Promise

We will always present the most socially and environmentally responsible options first to our customers and prospects. Our goal is that each product we provide for our customers meet at least 1 of the following 5 criteria:

-  **Socially Responsible:** A product from a supplier who has documented fair and humane labor practices through successful third-party certifications or corporate compliance audits; and/or has completed the PPS Supplier Evaluation on environmental, diversity, and labor practices.
-  **Supplier Dialogue:** A product from a supplier who has completed the PPS Supplier Evaluation and is open to continued stakeholder dialogue about improving environmental and labor practices.
-  **Environmentally Conscious:** A product made with environmentally conscious materials such as recycled, natural or organic materials; bioplastics; or organic fabrics such as soy, bamboo, cotton, or hemp.
-  **Life Cycle:** A product that can be recycled or can biodegrade at the end of its life cycle.
-  **U.S.:** Manufactured in the US. or services provided in the US (for example, creative services).

We tracked every product sold in 2007 and 2008 against this brand promise, and here are the results, as a percentage of all products sold.

CRITERIA	'07	'08	DIFFERENCE
Presented responsible options first	83%	86%	3%
Socially Responsible Supplier	44%	40%	-4%
Supplier Dialogue	13%	44%	31%
Environmentally Conscious	9%	12%	3%
Life Cycle	37%	45%	12%

PPS' Ethical Sourcing Process

PPS Supplier Evaluation© 2006
PPS Green Protocol© 2007
Custom Tailored Product Analyses

Ethical Sourcing is **at the heart** of our brand promise. ***As a distributor, it is in the arena of sourcing where we can have the most impact.*** We evaluate products and present them to our customers not only in terms of their performance, quality and cost, but also on how socially and environmentally responsible they are. We've developed and use two tools to evaluate the social and environmental attributes of our suppliers and their products.

First, we developed and copyrighted the **PPS Supplier Evaluation** in 2005, which evaluates suppliers on their social, environmental and governance practices based on widely accepted global standards, including SA8000, and collects written documentation on any third party certifications or audits our suppliers have passed. Anecdotally, through the suppliers that we interviewed, we are the only distributor in our industry that conducts supplier evaluations as a matter of business practice. We've been using this evaluation since January 2006. **We've conducted 24 complete supplier interviews, representing 46% of our business and many of the largest suppliers in our industry.** We conduct our interviews with the person at the highest level of accountability that would be knowledgeable about social and environmental practices, many of them with the CEO or President of the company.

Secondly, we developed the **PPS Green Protocol** which evaluates the environmental attributes of products. We developed this along with one of our customers, a sustainable MBA Program, the **Presidio School of Management** during the fall semester of 2007, and we began using it in January 2008.

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Using these two tools, we first evaluate overall company practices, including social compliance, diversity and community involvement, as well as environmental practices and manufacturing practices. Secondly, we look at the specific materials used in the item and the level of toxicity related to the materials or manufacture of the material. To assist our customers in applying their values to their buying decisions, we developed a user-friendly **PPS Green Buyer Checklist** based on some of the questions we ask of our suppliers. [Click here to access the PPS Green Buyer Checklist.](#)

In September 2008, we presented our two-step process to the [Sustainable Research Group](#), a sustainability consulting firm in Michigan, to seek feedback and input in a half-day meeting.

While we preferentially source from the following categories, there are instances in which we are not able to meet our customer's specifications (for example, cost considerations) with products in these categories. In those instances, we take the actions outlined in the Supply Chain Engagement section below.

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Supply Chain Engagement

We communicate our customers' sustainability and social responsibility values to the mainstream promotional products industry supply chain on a daily basis. The major challenge for us as a company is to work within an industry that is still, in 2009, at the beginning stages of the sustainability learning curve. For us, the sales and sourcing process involves the additional steps to complete the due diligence on the products we present by engaging our suppliers with in-depth questions on their products. One way that we know we're doing our job for our customers is when we hear from our suppliers that they've never been asked that particular question before. Since this is part of our daily business practice, we haven't tracked specific product engagement interactions, but we will develop a measurement for this activity for our next report. ***Supply chain engagement on behalf of our customers is an essential component of the service we provide to every customer.***

There are approximately 500,000 different product numbers (similar to SKUs) in our industry. The vast majority of these do not meet our social and environmental criteria. If we cannot find a product for our customers that meets our criteria for social responsibility and sustainability, we take the following steps:

- We inform our customers so that they can be aware of the social and environmental implications of the options they are considering.
- We will then also communicate to our suppliers that our customers have a need for a more sustainable option and offer suggestions to help create a sustainable alternative. We did not keep a record of these engagement activities for 2007 or 2008, but we will do so going forward in 2009.
- We look for alternative sources within the green business community in the United States.

In December 2008, we adopted a Code of Conduct for our suppliers based the principles of SA8000. We then sent a letter sharing our Code of Conduct to the **53** suppliers we have done business with. We will use this letter as another dialogue opportunity for our suppliers in 2009 and report on those dialogues. [Click here to access Our Supplier Code of Conduct.](#)

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Promoting Corporate Social Responsibility

We help our customers promote and communicate their Diversity Goals and Environmental/ Sustainability Goals to their internal and external stakeholders. Our services and products have helped our customers:

- Recruit diverse talent at universities and job fairs
- Enhance diversity trainings
- Promote diversity awareness
- Reinforce safety programs and environmental initiatives
- Recognize performance against social responsibility goals
- Engage employees in local and global community initiatives.

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In 2008, 41% of our business was in the area of helping our customers promote diversity, environmental or sustainability goals.

Since 2006, we've provided promotions that reinforce the social responsibility commitments of companies and organizations like Johnson Controls, Marathon Oil Company, Speedway SuperAmerica, MillerCoors, Archer Daniels Midland, Harley-Davidson Motor Company, WE Energies, Cardinal Health, and Snap-On Tools.

Case Studies

MillerCoors Carbon Neutral Laptops

MillerCoors approaches sustainability with a comprehensive commitment, as outlined in its 2008 Sustainable Development Report, *From Grain to Glass*. One of the company's five key sustainability responsibilities is to reduce its energy and carbon footprint. In keeping with this goal, PPS worked with MillerCoors to provide a gift to employees that would make the electricity use of laptops for all of its employees carbon neutral for 2009. As an example of the innovative products and services our company offers customers, we provided green-e certified renewable energy credits (RECs) as a method for offsetting carbon emissions resulting from grid-connected electricity use. We also provided a communication vehicle to promote MillerCoors commitment through stickers for employees' laptops. The program will launch late in 2009. With this highly visible promotional item, MillerCoors will reinforce this sustainability goal multiple times a day with employee recipients.



Marathon's Don't Meth With Me Program

As part of its commitment to corporate citizenship, in 2006, Marathon Oil Corporation developed a Methamphetamine Awareness Program to develop local capacity to deal with methamphetamine

abuse in 9 states where Marathon has operations. Since its inception in 2006, this program has been presented to over 20,000 people. Marathon's objective was to promote its Methamphetamine Awareness Program incorporating highly visible and long-lasting promotional items. And, since this is an initiative for their corporate social responsibility program, Marathon wanted to select a socially responsible promotional products supplier.

High school students are a key target audience for the program, so items selected had to be "cool" and appeal to teenagers. Through PPS' Ethical Sourcing Process, we selected silicone bracelets and stadium cups that are made in the United States. Made in the US items reduce the distance the products travel and support domestic manufacturers. We also requested the MSDS data sheets for the cups from the manufacturer. We chose t-shirts manufactured in Honduras by Anvil, a company who is a corporate member of Social Accountability International. PPS sought additional information from Social Accountability International regarding Anvil's programs in Honduras and discovered that Anvil was committed to going beyond labor compliance to worker empowerment. The t-shirts, silicone bracelets and stadium cups are imprinted with the *Don't Meth With Me* logo. Marathon distributes the items at rallies to promote and reinforce the program's message.

As with all PPS products, the carbon emissions from the transport of these products from factory to Marathon's locations were offset, and 1% of the sale of each product was contributed to Green for All, through our membership in 1% for the Planet.



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OUR OPERATIONS

Climate Change

2007

PPS measures and offsets our own greenhouse gas emissions for the operation of its primary facility, auto, and air travel. For these activities, **21** metric tons of carbon were offset for 2007 through one of our partners, LiveNeutral. These offsets match the total greenhouse gas emissions for our facility operation, auto and air travel.

2008

We also offset carbon emissions from the transport of our products to our end users beginning in December 2007 with LiveNeutral; in 2008, **24** metric tons of carbon from shipments to our customers was offset. This total represents offsets for every product shipped. In 2008, PPS committed to purchase **6,000** blocks kWh of wind energy annually. This constitutes **100%** of our primary facility's total energy use.

Purchasing wind energy is consistent with our organization's core mission and values to be a responsible steward in the communities we serve. We also promote and actively seek out suppliers whose manufacturing facilities are powered by renewable energy. Currently, we have **1** supplier in the industry that is **100%** powered by hydropower.

Our Office



PPS is headquartered in an office building 10 minutes from downtown Milwaukee and is one of the 20 largest commercial office buildings in the

city. The building is over 350,000 SF with over 59 tenants. We interviewed our building's management, Grubb and Ellis, in 2009 and can highlight the following with regard to the management of our office building:

- Our building is a member of the Energy Star Initiative. As part of this initiative, the benchmarking process which documents the building's current energy consumption was completed in 2008. This information will be used to identify opportunities to lower total usage at the building.
- As bulbs die throughout the building, they're replaced with either compact fluorescent bulbs or T8s (which are smaller in diameter and use less energy), and the mercury in the old bulbs is recycled in a mercury reclamation facility.
- Of the 287 toilets in the building, 2 are low-flush toilets. There are no plans to replace working toilets with low-flush toilets; however, if a toilet must be replaced, it will be replaced with a low-flush toilet.
- Lawn sprinklers are set to run 1x/day pre-dawn and are equipped with rain sensors which will keep sprinklers off when it is raining.
- Veolia is retained to recycle cardboard, paper, glass and metal.
- The management is in the process of switching over to green cleaning products. Approximately half of the products are Green Seal certified or Ecologo certified.
- The lights in the common areas are turned off, and HVAC is turned down from 10pm - 5:45am.
- Accounts receivable reports are paperless; monthly reports are paperless.

We will continue to interview our building management on an annual basis. In our own office, we try and reduce paper use as much as possible, by archiving documents electronically, reusing paper and using double sided printing. We also recycle used paper, toner cartridges and cardboard boxes.

OUR COMMITMENT

OUR COMMUNITY INVOLVEMENT

We recognize that we are a member of many communities and have been enriched by many communities. PPS has contributed monetary and in-kind donations to the following organizations.

- *The Alliance School*, Milwaukee, WI – The first of its kind in the country, The Alliance School is a charter school serving grades 6-12, whose mission is to provide a safe, student-centered, and academically challenging environment for bullied and harassed young people. Most Alliance School students come from low-income families and are from ethnically diverse backgrounds. (in-kind contribution).
- *The Crohn's & Colitis Foundation of America*, Milwaukee, WI – The Crohn's and Colitis Foundation of America is a non-profit, volunteer-driven organization dedicated to finding the cure for Crohn's disease and ulcerative colitis (in-kind contribution).
- *Green for All*, Oakland, CA - Green For All is a national organization dedicated to improving the lives of all Americans through a clean energy economy. The organization works in collaboration with the business, government, labor, and grassroots communities to create and implement programs that increase quality jobs and opportunities in green industry – all while holding the most vulnerable people at the center of its agenda (monetary contribution).
- *Dartmouth College, Tuck School of Business, Minority Business Enterprise Program Fund*, Hanover, NH – One of the nation's premier business schools, in 2004, Tuck celebrated 25 years of providing world-class minority business executive programs (monetary contribution).
- *Asian American Institute*, Chicago, IL - The mission of AAI is to empower the Asian Pacific American community through advocacy, by utilizing research, education and coalition building. Current programs include Voting Rights, APA Empowerment Initiative, APA Resource Guide and advocacy against hate crimes. Their motto is to "educate, advocate, and empower (monetary contribution).
- *Filipino American Historical Society*, Milwaukee, WI Chapter - To promote understanding, education, enlightenment, appreciation and enrichment through the identification, gathering, preservation and dissemination of the history and culture of Filipino Americans in the United States (in-kind contribution).



OUR COMMITMENT

OUR ONGOING IMPROVEMENT

PPS will continue to strengthen our efforts by incorporating best practices, seeking feedback and advisement from recognized experts and organizations in the fields of labor compliance and sustainability, and participating in innovative multi-stakeholder collaborations to decrease our negative environmental and social impacts and increase our positive contributions.

Our current national affiliations include:

- *Advertising Specialty Institute* (since 2007)
- *Ceres* (Member since 2008)
- *Coop America Green Business Network* (Member since 2006)
- *1% for the Planet* (Member since 2007)
- *National Minority Supplier Development Council* (since 2005)
- Our industry strategic partner, *National Premium*, is an award-winning promotional products leader, and one of the nation's 50 largest promotional products companies with offices in the United States, Europe and China. (since 2005)
- Corporate Member, *Social Accountability International* (Member, 2008)
- *Dartmouth College, Tuck School of Business, Building a High Performing Minority Business*, participating company, October 2008

Finally, in 2008, we were honored to contribute an essay to the book, ***Sustainable Graphic Design***, ed. Wendy Jedlicka (Wiley and Sons, 2009) on the promotional products industry. The website for the book is www.SustainableGraphicDesign.info.

2009 Goals

In addition to providing ongoing measurement of the activities presented in this report, we look forward to adding the following metrics in our next report:

- **Supplier Dialogue Results with 53 Suppliers**
- **Number and Type of Specific Product Engagement Activities**
- **Number and Percentage of Orders with Diverse Suppliers**

We care deeply about our customers, the way we conduct our business, and the entire value chain of which we are a part – from workers in overseas factories, to the people who are the ultimate recipients of a business gift, to the planet that has to absorb the product when it's done. We believe that this holistic way of operating our business creates marketing and promotional value for our customers and inspires us to continue to make ourselves a better source of that value. Our commitment is to continually refresh our product offerings and the way we deliver those to our customers by increasing our performance, our social responsibility, and our environmental responsibility.



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