



Beachstone™

Recycled Glass and Seashell
Products from Maine

Sustainability Report 4th Qtr. 2010

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1. Sustainability at Beachstone

1.1 Chairman & CEO Letter

Beachstone™ is committed to sustainable development as its top priority. As a manufacturer of recycled glass and recycled seashell countertop material, we are positioned to take advantage of the “waste-to-product” arena. Each community has its own unique waste stream. The largest weight percentage of waste is glass. Fortunately, glass can be recycled for its entire life. In addition, Maine has a large supply of waste seashells from the clam and lobster industries. Lastly, the local supply of Portland Type I cement rounds out the necessary requirements for production of Beachstone™. I believe these supply variables give Beachstone™ a sustainable supply at far lower costs versus shipping from outside of the state or country. In fact, there are not many areas in North America which have the proximity to all three of these supplies. We chose our suppliers very carefully by examining their willingness to work with Beachstone™ through shared research and development and small sample size runs of material. Over the past 12 months, Beachstone™ has achieved quite a bit in terms of sustainability. We have located a consistent supply of local clam shells, mussel shells, and lobster shells. We have also identified a means in which local glass from Eco-Maine (local MRF) can be diverted from landfill and further processed by a third-party supplier who specializes in producing the equipment for glass plant recyclers. Additionally, Beachstone™ has eliminated water from its polishing process. This represents a significant step towards the future of fabrication. We have also eliminated air pollution by filtering to a 0.5 micron level. The challenges for the future must include more increases in efficiency of processing orders to reduce time spent and energy used in setup and cleanup. We will also need to expand our sustainability awareness to the end-consumer.

1.2 Our Approach to Sustainability

Being sustainable in everything we do must not be an after thought. It needs to be integrated into every single decision we make. It includes the conversation, “would it be better to buy something local versus more sustainable manufactured, but much further away?” We must constantly ask ourselves, “is this the most sustainable way to do this?” This question will lead to further questions about cost savings on energy, improved packaging designs, optimization of logistics, increased employee satisfaction & retention, customer loyalty. By thinking more intelligently, we can begin to optimize the production of Beachstone™.

- **Governance, Ethics and Compliance** – operating in an ethical manner and in accordance with the laws where the company operates.
- **Employees** – providing an excellent workplace for employees, free of air pollution, and with specific attainable goals in mind.
- **Environment, Health and Safety** – reducing the company’s environmental impact by decreasing its dependence upon any wasted energy or materials as a form of production. By being sustainably-oriented in every step we take, we are ensuring

the health and safety of staff.

- **Product Responsibility** – integrated and sustainable development from choosing suppliers, to logistics, to the energy and materials necessary for production.
- **Supply Chain** – working to make our suppliers ‘greener’ by raising awareness of the importance of their recycling or separation efforts. Additionally, by reaching new customers in the Hospitality and Design markets, we are expanding the use and awareness of our sustainability initiatives.
- **Community Support** – providing a “Give Back Program” with several organizations which support the management and cleanup of our oceans and beaches, and others who increase recycling efforts, and others who help maintain the sustainability of the fisheries whose waste byproduct, Beachstone™ depends upon.
- **Economic Impacts** – using our financial resources responsibly to ensure continued success and increase shareholder value.

1.3 Stakeholder Engagement

Stakeholder Group	Description	Activities & Engagement
Communities	5 organizations in Maine	Formal Give Back program
Customers	500 by end 2010	Customer Service feedback system through Facebook.
Employees	1 to date	Human Resource consulting with expert panel from Maine.
Suppliers	6 suppliers	Green Supplier Network Sourcing
Investors	Non to date	

1.4 Affiliations & Memberships

Beachstone™ has relationships with a number of organizations related to various aspects of sustainability, including the following:

The Pharos Project – Transparency through manufacturing – <http://www.pharosproject.net>

US Green Building Council, Maine Chapter - <http://www.maineusgbc.org>

Maine Technology Institute – <http://www.mainetechnology.org/>

Gulf of Maine Research Institution, Sustainable Fisheries program – <http://www.gmri.org>

Eco-Maine, Material Resource Facility, Cumberland Cty, Maine - <http://www.ecomaine.org>

Lobster Institute of Maine - <http://www.lobsterinstitute.org>

Surf Rider Organization - <http://www.surfrider.org/nne>

Friends of Casco Bay - <http://friendsofascobay.org>

2. Company Profile

2.1 Corporate Overview

Beachstone™ is the first recycled glass and seashell countertop manufacturer based in Maine. Beachstone™ manufacturers prefinished goods including bathroom vanities, furniture (tables), tile accessories, and giftware items.

2.2 Awards & Recognition

Beachstone™ is a Maine Technology Institute Seed Grant awardee. MTI recognizes companies for their innovative product or service.

2.3 Milestones

September, 2009 – MTI Seed Grant Award

December, 2009 – Trial run, glass and seashell crushing

February, 2010 – Successful prototype of Portland Type I based glass/seashell mix design

May, 2010 – Successful elimination of water from polishing process

May, 2010 – Website start

September, 2010 – website, facebook, twitter, and Linked In launch

October, 2010 – launched Give Back Program

3. Governance, Ethics and Compliance

3.1 Corporate Governance

Beachstone™ is governed by local and state laws and aims to be in “super-compliance” by developing and adopting better than best-practices for its industry. Beachstone™ values the sustainability in every process it performs. It believe in a mission in which sustainability and company survival are connected in a symbiotic relationship. Our vision is to find creative sustainable solutions to common practices and products in our industry.

3.2 Ethics and Compliance

Beachstone™ adheres to all local and state laws. Ethically, we believe in doing good for the planet first while shifting current traditional thinking about product design towards a more sustainable future.

4. Employees

4.1 Talent Management

Employees are required to seek creative solutions to every the do. Interdisciplinary training is a requirement.

4.2 Compensation & Benefits

Compensation is based upon the level of input towards creative sustainability initiatives listed by Beachstone™ for its process and for the expanded awareness of others.

4.3 Work/Life Balance

Beachstone™ firmly believe in quality of life as an integral part of its day-to-day operations. Gym memberships, flextime, and telecommuting options are all included as a part of the creative sustainability initiatives. Every day, 1 hour is devoted to exercise and socializing. Cross training is also a requirement.

5. Environment, Health and Safety

5.1 Program Overview

Beachstone's™ Environment, Health and Safety (EHS) program's objectives include;

- Zero accidents
- Zero sick days as a result of preventable illnesses
- Safe and organized operating facility
- Well lit facility

5.2 Environmental Performance

Beachstone's™ Environmental goals / score (1-100) / improvements

- Total waste = <5% / 100 / reusable sealer applicator
- Water usage = < normal household / 100 / none
- Energy usage = < normal household / 100 / invest in solar heat gain systems
- Greenhouse gas emissions = < 10% operating costs / 50 / increase efficiencies in packaging order/shipping, increase efficiencies in mixing, pouring, polishing larger scale will help

5.3 Health & Safety Performance

Beachstone's™ goal / score (1-100) / improvements

- Zero accidents / 100 / none
- Zero sick days as a result of preventable illnesses / 100 / none
- Safe and organized operating facility / 80 / better racking and storage for tools and equipment off the ground on onto shelves and racks.
- Well lit facility / 75 / need more solar light – install roof skylight to allow better lighting and air movement.

6. Product Responsibility

6.1 Quality & Safety

Provide a statement regarding your commitments to quality & safety.

6.2 R&D and Design

Every product at Beachstone™ is analyzed based upon the following criteria;

- Does an existing “traditional” product exist?
- Can Beachstone™ offer a similar “sustainable product” in its place for the same money or less?
- Can this product be replicated and scaled up if necessary?
- Is there environmental, social, or economic benefit to offering a new product?
- Will the use of this product reduce dependence on raw input materials and thus increase the sustainability of the input material?
- How many lbs/tons per year will be saved by using a Beachstone™ product over existing product?

6.3 Materials Use

Beachstone™ mix design formulas are based on the exact volumetric needs of the order. Therefore, nothing is wasted. Our packaging uses the Easypak system, which allows us to use smaller boxes with higher impact resistance. Input materials are sourced from recycling leaders for 100% post-consumer glass and seashell aggregate.

6.4 Manufacturing

Beachstone™ has instituted cutting edge polishing processing which completely eliminates the use of water, and its filtration, during its manufacturing process. This step alone saves hundreds of gallons of potable water per day! Additional steps were taken to increase air quality to a purity level of 0.5 microns.

6.5 Product Transport & Packaging

Beachstone™ will use “easypak” packaging and only 100% recycled cardboard stock for its packaging. Easypak is the best impact resistant packaging and is made from corn oil and is biodegradable.

6.6 Product End-of-Life

Beachstone™ products can be completely recycled at end-of-life into paving material, aggregate feedstock, or road fill feeder stock. Customers are encouraged to contact Beachstone™ for a list of contacts in their area.

7. Supply Chain

7.1 Supplier Management

Beachstone™ has the following sustainability standards for suppliers.

- Must be actively engaged in a sustainability initiative of their own.
- Must be a leader in their respective business service or product.
- Must have a creative leader.

7.2 Supplier Diversity

Whenever possible, Beachstone™ aims to buy first from local companies who fit its definition of sustainable minded businesses who offer sustainable products or services. E.g. Portland Digital Printing uses the very latest dry toner ink, which utilizes 100% of the ink in transfer, thereby wasting nothing. Furthermore, a 100 lb., 100% post-consumer stock can be printed on. This stock is purchased again at a small paper supplier in the same local town. By choosing local suppliers, the waste factor is highly reduced and carbon use for transportation is highly reduced versus ordering from an online "green printer" located hundreds of miles away.

7.3 Greening the Supply Chain

Beachstone™ will be launching a Green Suppliers Network in the 1st quarter of 2011. We will aim to recruit suppliers who are interested in expanding their reach into sustainable product manufacturers and manufacturing processes.

7.4 Customers

Ecommerce will provide Beachstone™ with a further reach across end-consumers. This will enhance its popularity and drive demand back towards local suppliers across the US.

8. Community Support

8.1 Donations, Scholarships and Sponsorships

None to this date.

8.2 Employee Volunteering

Beachstone's™ President has volunteered time and expertise to local elementary school.

9. Economic Impact

9.1 Economic Value Generated & Distributed (Dollars in Thousands)			
	2009	2010	2011*
ECONOMIC VALUE GENERATED			
Revenues	0	* on going	
Net Income	0	-	
ECONOMIC VALUE DISTRIBUTED			
SUPPLIERS			
Payments to Suppliers	6000	6500	
INVESTORS			
Interest, Net	0	0	
Common Stock Cash Dividends	0	0	
GOVERNMENTS			
Income Tax	0	-	
COMMUNITIES			
Cash Donations & Sponsorships	0	* on going	
Product Donations	0	* on going	
RETAINED/REINVESTED	0	-	

10. Sustainability Reporting

10.1 External Reporting Standards

Beachstone™ recognizes the importance of external sustainability reporting standards to promote relevant, transparent and comparable disclosure of company performance. We use the Global Reporting Initiative's G3 Guidelines as our standard reporting framework.

10.2 GRI Index

Based on the Global Reporting Initiative's Application Levels, we self-declare this report to application level B.

10.3 Auditor Verification Statement

Beachstone's™ will be seeking certification from GRI in the coming months.