



# ANNUAL REPORT 2017

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## TO OUR STAKEHOLDERS

This year was the first year for our new Strategic Plan that emphasizes business growth. We are pleased to report that Cascade grew beyond expectations. The number of assets we processed increased by over 10.4% and weight processed is up by almost 8%. We also serviced 25% more clients this past year, mainly due to new account acquisitions. This growth in throughput led us to nearly double the size of our Indianapolis processing facility and increase our staffing by about 10%.

Cascade's customers, staff, vendors, and community partners all helped to shape our success and commitment to quality. This Annual Report provides a summary of our achievements over the past year and sets the stage for continued growth into the future.

### 2017 By the Numbers

Number of Jobs .....	2,384
Assets inventoried.....	256,637
Pounds of equipment received .....	4,092,166
Terabytes of data sanitized .....	14,248
Number of successful wipe passes.....	44,951
Assets resold .....	88,197
Pounds of items recycled .....	3,025,974
Pounds of items resold.....	1,107,863

## Financial Achievements

Total revenues are up by more than 12.7% in 2017, compared to 2016. The average price Cascade earned from the sale of refurbished IT assets increased by 13% last year. Strong growth in our resale program increased our rebate returns to customers by more than 22.4%, resulting in a net cost reduction for ITAD services of more than 22.1% for our clients. Our investments in better and faster processing technologies and access to more resale markets provided more opportunities to create value for our clients.

## Operational Success

Cascade added additional processing capacity, particularly in data sanitization and refurbishing of mobile devices. We wiped 66.7% more terabytes of data this year compared to 2016. Cascade also increased our truck fleet to better serve our customer pickup needs. Cascade invited NIOSH into our facilities to perform detailed health monitoring, which not only confirmed our clean operations but also provided us with useful advice on how to improve safety even further.

## Community Outreach and Engagement

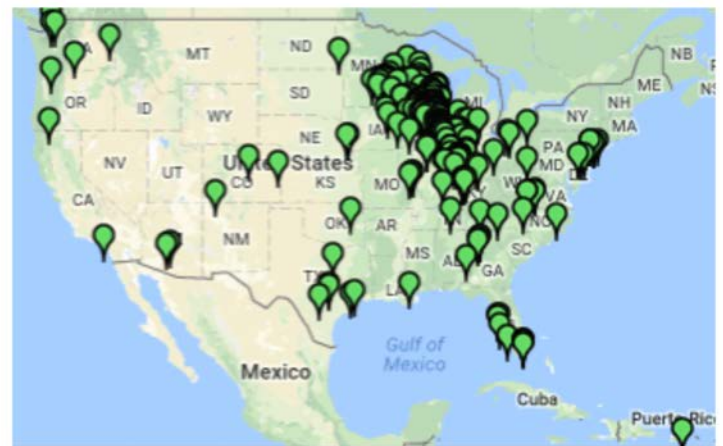
Cascade partnered with enterprise customers, non-profit technology firms, and municipalities to place hundreds of donated, refurbished computer systems into the hands of organizations and low-income individuals. Our employees were active with volunteering and donating resources in each of the communities we serve. Our educational engagements extended internationally as we participated in a Chinese fellowship exchange program. Cascade continues to live its vision to integrate and promote sustainability and social justice in all that we do.

## Cascade's Service Reach

Cascade collected IT assets from 323 unique businesses and organizational clients (*a 25.6% increase in clients this year*) in 31 states across 302 different zip codes in 2017.

Our ability to deploy our professional, secure, and friendly staff directly to customer sites continues to be one of the unique value propositions we offer in this industry. With sensitive data still on much of the equipment we collect, our clients find value in our onsite data destruction services and secure chain of custody.

Customer locations serviced by Cascade in 2017



Cascade concentrates on serving organizations in the Midwest. Our focus and footprint demonstrate how we

State	Total Pickups	% of Total
Wisconsin	1,102	63%
Illinois	180	10%
Indiana	146	8%
Minnesota	138	8%
All other states	196	11%

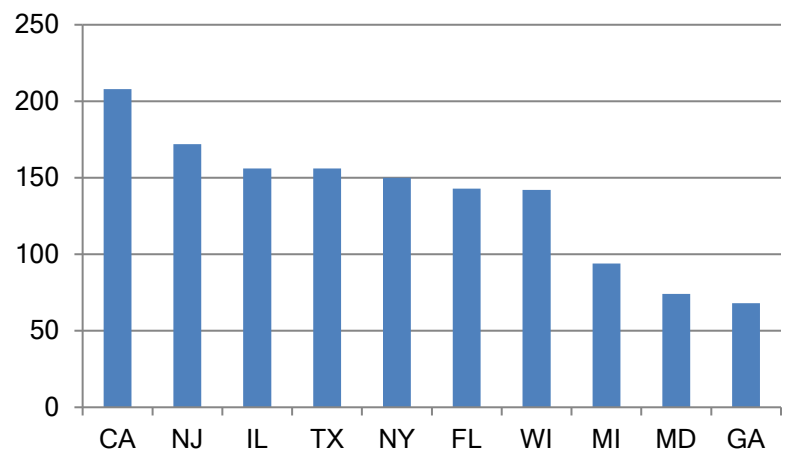
have aligned our resources to be the best ITAD provider in this region. We can also pickup from sites outside the area for Midwest based companies with distributed facilities and for those organizations utilizing our group purchasing contracts.

## Selling Refurbished Products

Cascade's resale revenue grew by more than 21% last year and our resale channels are stronger than ever. We sold refurbished gear to every state in the country, except Alaska. Our return rate on sold products was less than 0.32% of total resale value or 0.127% of total assets sold.

Cascade's online [Marketplace](#) saw sales grow by over 70% in 2017, as more products were added and outreach to ITAD clients increased.

Top 10 eBay transactions by state - 2017



Cascade also partnered with non-profit technology groups to provide high quality, affordable computers for sale to low-income individuals and small organizations. These technology non-profits offer the support and education needed to serve this growing market which values quality refurbished computer equipment.

## Satisfied Customers

We ask customers to evaluate the performance of our services and products on several criteria. For example, whenever we go onsite to perform asset disposition and data security services, we invite our customers to rate us on a number of factors and give us feedback to help us improve. In 2017, 92% of our clients said they were “extremely satisfied” with our onsite service work – none said they were less than “very satisfied.”

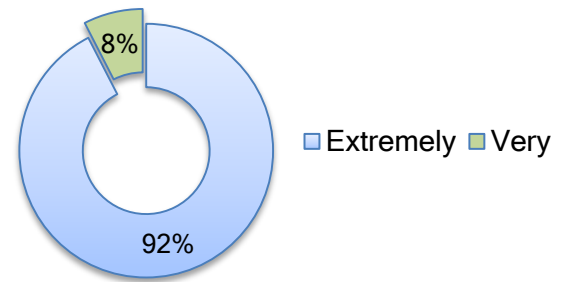
During our annual survey of all customers in November 2017, we also received a 100% satisfaction rating for our overall service delivery (83.33% indicated “very satisfied” with 16.67% “satisfied”).

Customer Satisfaction - 2017	Rating
Job Satisfaction	99.8%
Customer Satisfaction	99.6%
Resale Satisfaction	97.3%
ebay Feedback Rating	99.8%
Resale Asset Satisfaction	99.9%
Target Satisfaction	98.0%
<b>Overall Average</b>	<b>99.1%</b>

We are also very proud of our ratings on other satisfaction criteria. Overall, Cascade’s satisfaction rating surpasses 99%.

In 2017, Cascade was certified to the new 2015 version of the ISO 9001 Quality standard. A major difference in this version is its increased focus on “risk-based thinking,” which is appropriate for our business and how we work to reduce the risk of data loss for our customers.

How satisfied were you with our onsite services?



*“Cascade has consistently provided excellent customer service and quality documentation of all our business assets. I will continue to utilize their services and recommend them to other colleagues and business partners.”*

*- Anne Saeugling-Coke, Terra Firma Realty*

## New medical device program introduced in 2017



To meet the growing needs of our health care client base, Cascade introduced an **electronic medical equipment** category for responsible recycling. In partnership with Veolia, we can process these devices for secure and compliant disposal. To better protect our staff when handling equipment from healthcare facilities and labs, Cascade reintroduced a Bloodborne Pathogens program. In addition, our Environmental, Health & Safety program provides support and guidance to organizations for medical device recycling and decontamination programs.



## Safety & Health Leadership

Cascade volunteered to participate in a groundbreaking study on health exposure risks related to electronic equipment refurbishment and recycling, including a review of the potential impact of processing brominated flame retardants (BFRs) in computer plastics. A crew of about 20 NIOSH scientists, nurses and support staff spent three days at Cascade's Madison facility and took blood and specimen samples from employee

volunteers. NIOSH's preliminary findings confirm our exposure to heavy metals, such as lead and cadmium, are either not detected in our operations or well below permissible exposure limits. In addition, their team said we have the cleanest facility they've seen in our industry. The final report on BFR exposure levels has not yet been completed.

To further promote safety for our staff and visitors, Cascade implemented a number of ergonomic and other safety improvements.

- Anti-fatigue mats in all production areas were replaced and upgraded.
- More lift tables were added to improve ergonomics and reduce heavy lifting.
- A bin tilter was installed in Indianapolis to assist with unloading hard drives into our shredder.
- A new hand soap, that removes lead and other heavy metals, was made available in Madison.
- Automated shrink-wrapping machines were installed in both facilities.
- Monitors were adjusted at several workstations to improve ergonomics.
- Sit-stand desks were made available and put in use by office staff.



## Operational Excellence

As part of Cascade's ISO 9001 Quality Program, we track performance on a number of metrics. An important concern to both our clients and our internal operations is the speed and efficiency in processing assets for sanitization, testing and demanufacturing. To this end, we continually monitor the status of inventory through our processes to strive to get all assets processed (tested and sanitized or demanufactured) within 30 days of receipt.

Through regular tracking and ongoing management, Cascade was able to maintain processing metrics at or near our targets throughout 2017. Despite an increase in volume of assets received of nearly 7.5%, Cascade was able to keep our average age of processing to about 13 days. Faster processing allows us to maintain higher resale values for resold equipment while keeping our inventory carrying costs down.

- 2017 assets processed = 256,449
- Assets processed in 30 days or less = 234,833 (91.6%)
- Assets received and sold in 2017 = 83,780; in 45 days or less = 53,433 (64%), 90 days or less 80,610 (96%)
- Average of 13 days from receipt to processing
- Average of 43 days from receipt to sale (for reusable assets)

## New Processing Equipment and Facility Expansion

Cascade was given the opportunity to nearly double the size of our Indianapolis facility to 28,131 square feet when a neighboring tenant vacated the adjacent suite. The expansion took place over the summer and Cascade officially occupied the new space on November 1, 2017. The addition provides additional production and warehousing capabilities, and more office and meeting space. It has increased Cascade's total capacity by more than 25%.

Additionally, Cascade put in place new hard drive wiping arrays (see photo) which contributed to an increase of 66.7% of terabytes of data sanitized this year. We also purchased new mobile device (smartphone and tablet) wiping hardware and software and added mobile and laptop charging stations to improve battery testing capabilities. All this equipment, and additional technicians, were significant factors in increasing our resale values in 2017.



*"We need to expand because we've attracted new clients throughout the region. Some of the most respected organizations in Indiana, Kentucky and beyond have trusted Cascade for their ITAD needs. We've been pretty quiet about our services in the past, but with our commitment to grow in this community and expand our capacity further, we want to invite more firms to check us out."*

*- James Ellison, Indianapolis General Manager for Cascade*

## Exchanging Best Practices Around the World

As part of the [Professional Fellows Program of the National Committee for US China Relations](#) (NCUSCR), Cascade hosted Ms. Chen Xiaoqiong, a journalist and marketing specialist from a Shanghai recycling Non-

Governmental Organization (NGO) called [AIFEN](#). During the month of May (2017), Ms. Cheng spent time at Cascade learning about our IT Asset Disposition and electronics recycling operation and auditing processes. She also shared information on the struggles of recycling electronics and plastics in China and presented her first-hand accounts to us.

In addition, she toured other municipal and private recycling facilities, met with government regulators and educators, and collaborated with researchers to help understand American approaches to waste sorting and recycling. Ms. Chen also spent several days working side by side with American environmental

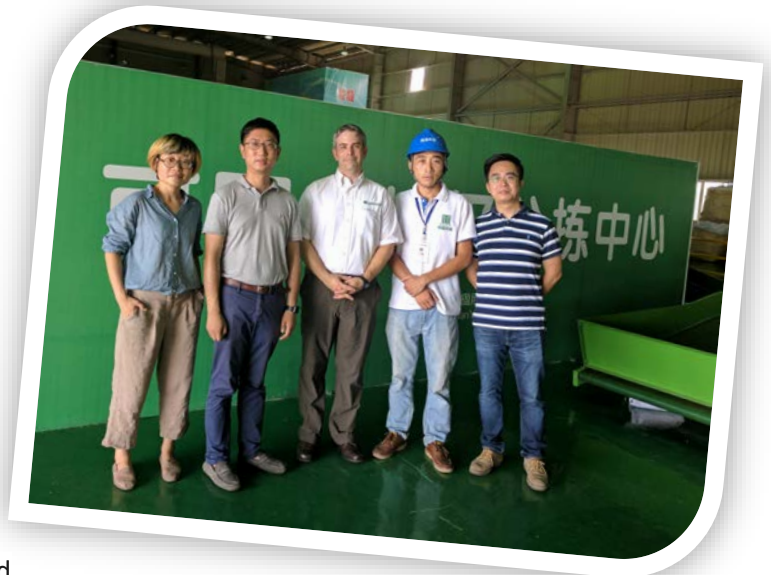
NGOs to learn how they organize, fundraise, and manage their

programs. Since the non-profit sector and philanthropy are rather new concepts in China, this information sharing was most interesting to her.

Later in the year, Neil Peters-Michaud (CEO of Cascade) was able to travel to China to visit with Ms. Chen and other organizations engaged in waste sorting and recycling activities in Shanghai, Beijing, and surrounding communities. Neil learned how these organizations work with communities and government programs to increase waste diversion, support environmental education, and promote sustainability.

The trip also included visits to electronics recycling and refurbishment facilities and a lively workshop with entrepreneurs, journalists, and activists working on e-waste issues in China. This experience allowed him to see how both formal and informal electronics processing is developing in China. He also learned more about dynamic political challenges that impact processing of electronics in the country.

The Fellowship was funded by the [U.S. Department of State's Bureau of Educational and Cultural Affairs](#).



## Community Outreach & Support

Cascade and our employees actively worked to support community initiatives throughout 2017. It's a great opportunity to come together and assist programs and people that need extra support. Activities and donations included the following.

- A food drive before Thanksgiving raised money, food and supplies through employee donations for local pantries.
- A total of \$4,500 was donated by Cascade to charitable organizations supported by employees: WORT Community Radio; Madison Reading Project; The River Food Pantry; Reach Out Lodi; The Gathering Source; Dalton's Food Pantry; United Way of Dane County; Community Shares; and IT United of Greater Milwaukee.
- Staff volunteered their time and talents at community centers and food pantries.
- Adopt-a-family campaigns provided holiday gifts to households in Madison and Indianapolis.
- Ongoing donations of computer equipment (in partnership with our corporate customers) supported the [EveryoneOn](#) project which has now educated more than 350 low income households and supplied each with one of our refurbished computers.



## Donating our Time to Support MLK's Legacy

To help celebrate the work of Martin Luther King, Jr., Cascadians from the Madison office participated in DANEnet's annual [Day of Service](#) in January. This is an opportunity to use our IT skills and time to assist non-profits with their technology needs. One crew helped clean up and refresh a computer lab at Operation Fresh Start while others worked on Raspberry Pi projects that will power electronic signs used by the Urban League and MATC. Cascade also donated computer recycling services and received in hundreds of pounds of unwanted electronics from non-profit sites.





## Educational Campaigns

Cascade continued to be recognized as a respected leader in the industry by providing practical research and education to help clients and the community.

At the beginning of the year, Cascade published our third annual printed and electronic 8-page report about IT Asset Disposition Trends and Best Practices. This report was generated from customer surveys, an analysis of over 200,000 assets processed by Cascade, and review of industry research. One thousand printed booklets were distributed at events and through mailings, and many electronic reports were also shared.

Cascade representatives also spoke and participated in industry trade shows and stakeholder groups. We hosted webinars, created and updated templates and tools, and posted additional content on our website.



**Publications and Presentations** – Cascade presented research and hosted educational events.

- “We Invited NIOSH into our business,” LinkedIn article, March
- IAITAM Webinar, “Making IT Asset Disposition a Value Generating Activity,” July
- Panelist at e-Scrap Conference in Florida, “How to Optimize Recovery,” September
- PDS Tech Show, hosted a session “Block a Data Breach – How to build walls of security in your IT environment,” and presented “Making IT Asset Disposition a Value Generating Activity,” October
- Webinar about preventing the loss of data through informed IT asset disposition planning, featuring panelists from Cascade customers Lake City Bank and OurHealth, November
- White Paper, “The three pass data wipe requirement for hard drives is obsolete,” December



### Webinar: Data out the Door

Preventing data loss with informed IT asset disposition planning

Wednesday, November 8, 2017  
2:00 pm ET / 11:00 am PT

**Panelists:**  
 George Goodlink, VP-Infosec Officer - Lake City Bank  
 Justin Kittle, Director of IT Operations - OurHealth  
 Barbara Scott, VP-Research & Consulting - Compliance Standards

Presented by: IAITAM (Int'l Association of IT Asset Managers), Cascade Asset Management, and Retire-IT

**Trade Shows** — Cascade participated in industry conferences and workshops.

- Brainstorm Conference, Wisconsin Dells, February
- IT United, CIO Forum, Milwaukee, February
- International Association of IT Asset Managers, Nevada, May.
- SIM (Society for Information Management) workshop and dinner, Indianapolis, July
- Wisconsin Association of Public Purchasers, Wisconsin Dells, September
- PDS Tech Show, Milwaukee, October
- Indiana Bankers Association CyberSecurity conference, October

## Environmental Stewardship

The collective environmental benefit of the electronic equipment reuse and recycling efforts by Cascade and our customers continues to have a positive impact. By reducing the need to manufacture new devices (due to reuse) or mine materials for production (due to recycling), we reduce waste and save resources. This has an impact on carbon emissions that contribute to climate change.

The processing activities of Cascade in 2017 had the equivalent environmental impact of . . .



saving enough energy to power 16,534 typical U.S. homes

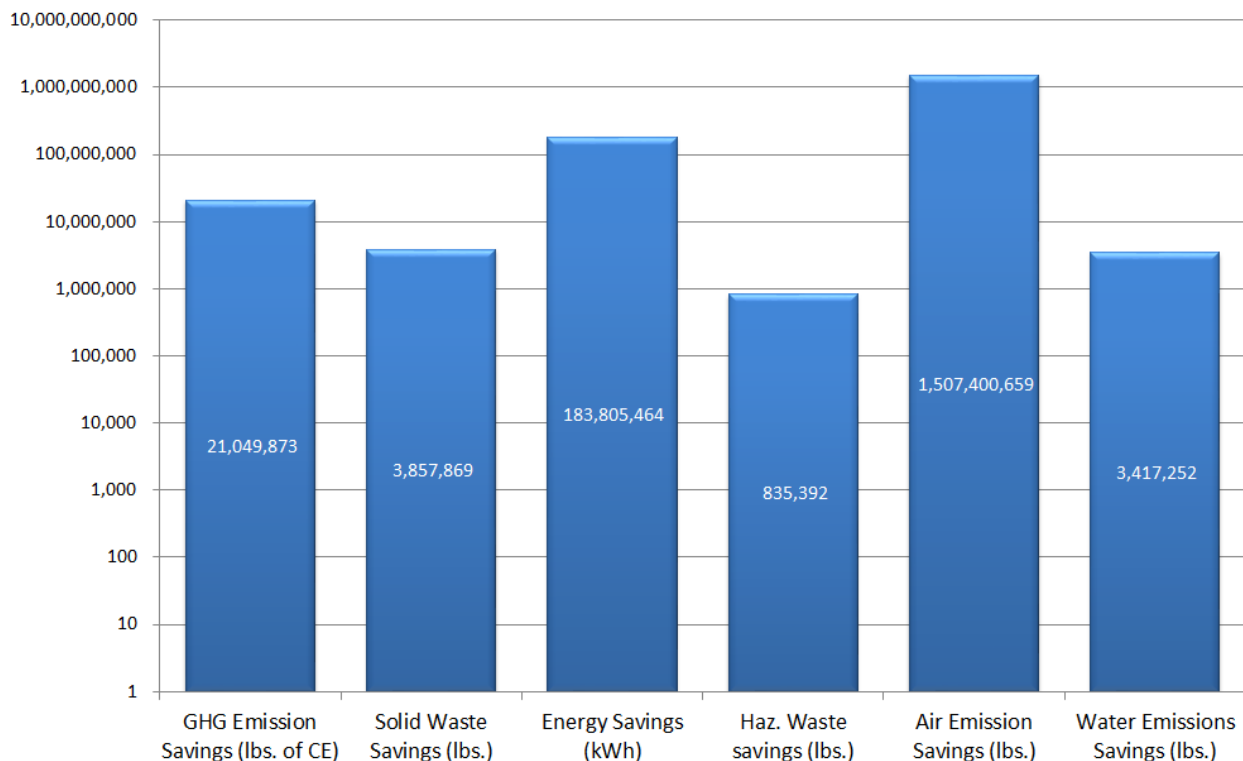


removing 6,936 passenger cars from the road for 1 year



keeping 11,387 tons of carbon out of the atmosphere

### Environmental Impact of Refurbishing and Recycling of Electronics by Cascade - 2017



## Ten Days of Recycling Guides

Starting on November 15, 2017 (America Recycles Day), Cascade kicked off an educational campaign to provide information and resources to help our staff and other interested parties reduce, reuse, and recycle more at work and at home. Over the course of 10 days, we emailed and posted flyers at our facilities that provide practical information about waste and recycling issues and what we can do to help improve the environment through our own actions. These [guides are posted on our website](#) for anyone to use throughout the year.

### Paper or Plastic?

How do you respond at the grocery store when they ask how to bag your items? From a lifecycle environmental position, it's a wash. It takes energy to make both plastic bags from petroleum and paper bags from wood, though according to a [study at the University of Oregon](#), plastic bag production creates less greenhouse gas and uses less water and chemicals than paper. Also, since paper bags are bigger and heavier, it takes more fuel to deliver them to grocery stores. But when it comes to disposal and litter, plastic is difficult to recycle (especially with recent import bans in China) and won't generally decompose.



Paper bags vs. plastic bags: which is really better?



### How about neither

Compared with both paper and plastic single-use bags, reusable bags are an environmental slam dunk—if you reuse them. Choose bags made with plastic over cotton, because cotton has an enormous environmental footprint of water, energy, and fertilizer and pesticide use. A [UK EPA](#) report says reusable plastic bags need to only be reused 4-11 times (and cotton bags 131 times) to ensure they have a lower global warming potential than a single use plastic bag.

Pick up a reusable Cascade branded bag to help reduce waste and environmental impacts. Cascade has helped reduce packaging waste by delivering more than 400 bag worth of computer devices to the Connecting Madison Digital Equity project, allowing recipients to not only use them to carry home their computers, but later to use them for groceries.