



Tec Laboratories 2009 Corporate Sustainability Report

Prepared for Tec Labs by Fluid Market Strategies
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Tec Laboratories
7100 Tec Labs Way SW
Albany, OR 97321
1-800-ITCHING
www.teclabsinc.com

Introduction

Tec Laboratories (Tec Labs) has developed, manufactured and marketed innovative over-the-counter pharmaceutical and repellent products since 1977. One key to Tec Lab's success has been investment in their people and community, and this has created a company culture that has fostered innovation, trust, and respect.

In July 2009, Walmart announced their Sustainability Index initiative. In the first phase of this initiative, Walmart asked their suppliers to evaluate their own sustainability performance through a detailed questionnaire. As a Walmart supplier, Tec Labs seized the opportunity presented by this initiative by responding early and completely to the assessment. The survey was the trigger for inspiring the company to refocus on their long term corporate sustainability.

This is Tec Labs' first corporate sustainability report, and includes Tec Lab's greenhouse gas emissions, waste production, water use, interactions with suppliers and employee and community impacts. The report is intended to capture Tec Labs' performance from 2009, and set long-term goals for 2010 and beyond.



Samples of Tec Labs products.

Carbon Footprint

Tec Lab's total greenhouse gas emissions for 2009 were 121.5 mt CO₂. This includes both direct and indirect sources of emissions. In carbon accounting, direct emissions are those that are created directly on site in the manufacturing process, in chemical processes, or in directly controlled vehicles. Indirect emissions primarily come from purchased electricity.

Waste

Tec Labs has worked to reduce the amount of waste produced in their office spaces and production facility. Reusing and recycling material is a key part of the way they run their operations. Efforts include providing recycling bins around the office and in the production facility and diverting items such as paper, cardboard and drink cans from the trash can to recycling bins. For over 20 years, Tec Labs has re-used cardboard boxes in-house for sorting and packaging product during the manufacturing process. In addition, they have worked aggressively to reduce the amount of materials used in product packaging.

The Tec Labs team.



Water

Water is an important part of the production process, as Tec Labs' products are primarily liquids and gels. Tec Labs works to conserve water even in small ways, such as using aerators on sink faucets and low-flow showerheads in the employee showers. However, it was inside the production process where Tec Labs had the biggest opportunity to dramatically conserve water. Systems were installed to alert employees to leaks in the purified water storage system. A proactive maintenance plan keeps the entire water system running efficiently and prevents wasteful leakage.

Working with Suppliers

Producing a high-quality, consistently effective product is of the highest importance to Tec Labs. While all manufacturing is done on site in their Albany, OR facility, they purchase ingredients, packaging and printed materials from independent suppliers. To help ensure suppliers meet Tec Labs' high standard of quality, Tec Labs conducts regular on-site audits. These visits are generally conducted yearly, and the purpose is to verify that the systems and processes used by the suppliers provide appropriate quality assurance, quality control and a clean and safe working environment. Tec Labs' suppliers regularly meet and exceed the standards set by Tec Labs, and when they do not, Tec Labs works with them to rectify the situation.

People and Community

Tec Labs makes products to keep consumers' skin safe, comfortable and germ-free. These products contribute to improved quality of life for people of all ages, which makes Tec Labs' mission innately based on social responsibility. This mission is strengthened by the fact that Tec Labs invests in their employees and in their community.

Tec Labs demonstrates their commitment to their employees in small and large ways. They offer a competitive compensation and benefits package that includes employer-paid health insurance, 11 paid holidays, and a very generous paid vacation structure with additional hours added upon reaching specific employment term milestones. Tec Labs maintains explicit policies that allow time off for life events, such as bereavement or the birth or adoption of a child. Tec Labs

also supports team members who are on active military reserve and assist county emergency services personnel through participation in volunteer search and rescue by providing options for unpaid leave.

The collaborative company culture is evident throughout Tec Labs' operations, from the style of all-company meetings to language in the employee handbook. All employees are known as "team members", and all team members have "coaches", who are managers and mentors. Team members are encouraged to grow professionally within the company and apply for advanced positions as they become available. In addition to providing on-the-job training for employees, Tec Labs financially supports the professional development of their team members and provides tuition assistance for job-related courses.

Tec Labs also supports employees who volunteer and contribute to the community. Employees are given the opportunity for flexible work schedules to encourage community involvement as varied as teaching at the neighboring community college, cleaning up after Hurricane Katrina and coaching local sports teams.

The company's contributions are not limited to the local community. Tec Labs has donated product to schools, churches and sports team fundraisers, as well as sporting and athletic events across the United States. Tec Labs has also donated an enormous amount of product to relief efforts in Haiti and other countries with dire medical needs, primarily through organizations such as Medical Teams International. When making generous in-kind donations, they think and act both locally and globally.

A recent Tec Labs award.



Other organizations have recognized Tec Labs' support of their employees and contributions to the community. Oregon Business Magazine recognized Tec Labs as one of the "100 Best Companies to Work For in Oregon" in 1998, 2000, 2001, 2004 and 2005. For four years in a row beginning in 2005, *The Scientist* magazine ranked Tec Labs #1 in their annual "The Best Places to Work" issue. The magazine surveyed pharmaceutical and life sciences companies from 21 countries, including the U.S. and Canada. Other companies making the list in those years included Novartis, Amgen, Merck & Company and Wyeth.

The company also received the Austin Family Business Award in 2003, 2004 and 2005. Men's Fitness

magazine recognized Tec Labs as one of "America's Fittest Companies" in 2008. This list of 15 companies included Pepsico, Verizon, Genentech and Google. The Tec Labs headquarters features an onsite basketball court, locker rooms, an adjacent fitness center and running trail.

Goals

To continue Tec Lab's long-term focus on sustainability, the company has set a series of reduction goals in the areas of carbon, water and waste.

1) Reduce absolute greenhouse gas emissions by 5% in five years.

While Tec Labs' greenhouse gas emissions are relatively low for the pharmaceutical manufacturing sector, they are committed to continuing to reduce their impact on climate change by reducing their absolute emissions by 5% by the end of 2015.

2) Reduce water usage by 2.5% in five years.

Tec Labs uses key systems and processes to carefully manage their water usage. In recognition of the fact that water is a valuable natural resource, Tec Labs has committed to reducing their water usage by 2.5% by the end of 2015.

3) Reduce waste production by 5% in five years.

Tec Labs has been committed to waste reduction and recycling for years. Tec Labs will continue to seek ways to reduce waste from its production processes, and reduce solid waste production by 5% by the end of 2015.

Conclusion

Tec Labs' work with Walmart on supply chain sustainability inspired the company to refocus on sustainability practices. Through this process, Tec Labs has clearly articulated several of its corporate strengths, as well as identified opportunities for cost-savings and performance improvement in areas such as energy and water use. We welcome your comments and questions about Tec Labs' 2009 Corporate Sustainability Report and invite our customers, suppliers, partners and colleagues to join this conversation about sustainability performance.



Tec Labs' headquarters in Albany, OR.