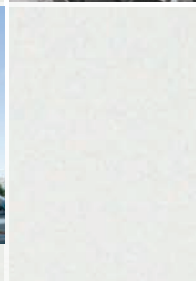




2014

SECOND SUSTAINABILITY REPORT

SOUTH SAN FRANCISCO
SCAVENGER
COMPANY, INC.



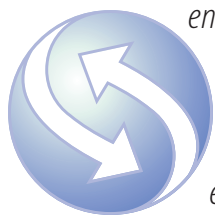
Celebrating
100 Years
of Service &
Innovation





MISSION STATEMENT

South San Francisco Scavenger Company is committed to providing solid waste management services of the highest quality delivered with pride and professionalism to all our customers, utilizing



environmentally sensitive equipment that is safe, efficient, reliable

and appropriate to the work we perform. In carrying out our mission, we intend to provide and maintain the best possible work environment for our employees, fully cooperate with all governing and regulating agencies, and do our part to help create a sense of partnership between our company and the communities we serve."



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DEAR READER,

2014 has been a landmark year for South San Francisco Scavenger Company (SSFSC). We celebrated our 100 year anniversary, where we could look back to honor where we began and what we have achieved. We also completed construction on a technology that will completely change the way we process organics. Our new Anaerobic Digestion Facility (AD Facility) will collect locally discarded organic material and convert it into fuel for our collection vehicles and a compost by-product. This is the first use of this technology in the United States; which propels our company into the forefront of materials management.

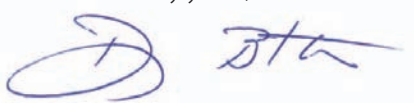
This technology is especially important because it reinforces our sustainability values. It is our goal to run our operations in a way that helps our communities achieve zero waste, while significantly reducing our overall GHG emissions. We are achieving these targets by creating a closed-loop renewable fueling system for our collection fleet. We are going above and beyond the status quo to continue to reduce our carbon footprint.

SSFSC also plans to expand the recycling capabilities in other areas of our operations. Organics are a major piece of the zero waste pie, but all areas must improve to meet the 75% Recycling Goal set by the State of California. This report outlines our strategic approach to helping our communities meet those recycling goals. This approach will also help our service areas toward achieving the goals of their Climate Action Plans.

Our company also plans to expand our existing employee recognition program. We make every effort to ensure that our employees feel safe and valued at work. As a consequence we have enjoyed an incredibly low employee turnover. We are planning to do more. This will include more engagement, recognition and appreciation programs for all employees. In return, we hope this continues to promote a safe culture, participation in community events, open and active dialogue between employees and our management team, and an even greater sense of the family culture that has brought us successfully to our 100 year anniversary.

We welcome feedback to our programs and invite you, our Reader, to keep us on-track toward our goals. It is my sincere hope that by reading this report, all of our stakeholders can have a better sense of what drives our business forward and how we are preparing for the next 100 years!

Sustainably yours,

A handwritten signature in blue ink, appearing to read 'Doug Button', is placed over a light blue rectangular background.

Doug Button, President South San Francisco Scavenger Company

WHO WE ARE

ABOUT US

South San Francisco Scavenger Company and Blue Line Transfer (SSFSC) are family owned companies that have been providing solid waste and recycling collection services to our local communities since 1914. Since our inception, we have focused on providing high quality customer service and maintaining a safe and enjoyable workplace. We also pride ourselves on our environmental stewardship by continuing to reduce our carbon footprint and any negative impacts from our collection fleet and waste processing services. We service the Cities of South San Francisco, Millbrae, Brisbane, portions of Colma and the San Francisco International Airport (SFO). Our owners live and work within San Mateo County, making our dedication to our communities personal. We believe that the long-term health and well-being of the Cities in which we operate sustains our employees, their families and the livelihood of our business.

We are excited to present our Second Sustainability Report. It is our goal that this reporting process publicly and transparently documents our historical achievements and our progress toward achieving our goals for the future. As a company we understand that sustainability is a progressive practice. We set eleven strong and active goals in our First Sustainability Report which we have been working toward and reporting on annually. Through our routine revision we have combined two goals and now track and report on ten goals moving forward. We strive to ensure our company is doing everything we can to live and work by our mission statement.



Name of Company

South San Francisco Scavenger Company & Blue Line Transfer, Inc. (SSFSC)

Location

Jamie Court, South San Francisco CA

Cities Serviced

South San Francisco, Millbrae, Brisbane, portions of Colma and San Francisco International Airport

Number of Employees

113

Total Tonnage Collected per Year

Approx. 220,000 tons of materials

Average Community Landfill Diversion Rate

65%

Total Number of On-Road Vehicles

Approximately 44

History

In order to know where our company is going, it is important to see how far we have come. SSFSC was originally founded in 1914 as a collection company and has operated continuously ever since. For 100 years, SSFSC has been providing solid waste and recycling collection, transport, transfer and processing services to the local communities of South San Francisco, Millbrae, Brisbane, portions of Colma and the San Francisco International Airport!

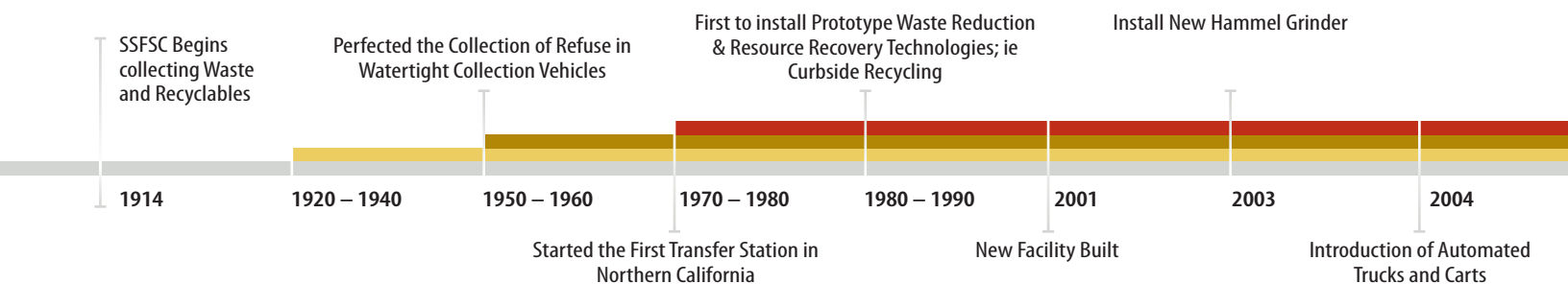
All SSFSC owners are descendants of the company's founders and have been an integral part of the evolution of waste industry standards. In fact, we are proud to now have more than 4 generations of families that share a thorough understanding of how "scavenging" has evolved into "recycling."



In the early 1900's, waste was collected using open-top back-end dump trucks with crews of three men. The trucks were outfitted with a ladder of five rungs that drivers climbed up to empty the waste into the truck.



The drivers and collectors would set aside recyclable materials, such as rags/clothing, glass bottles and jars, motor oil, and metals. Non-recyclable waste was carried on the back in either pack cans or burlap sacks and emptied into the dump truck. A worker stationed in the back of the truck sorted recyclable items into special bins and racks along the sides of the truck.



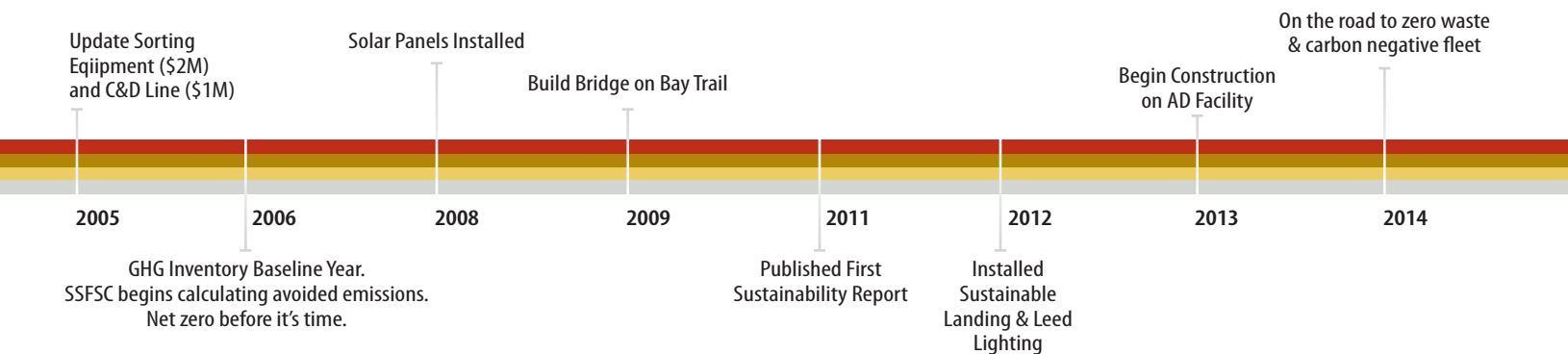
SSFSC: 100 Years of Making History in Waste Management

A century later, we have graduated to collecting waste using state-of-the-art CNG-fueled trucks with compactor blades and hydraulic arms. We collect more recyclable and compostable materials than ever before and we do so faster, quieter, safer, with smaller crews; minimizing our carbon and air quality footprint.

Since the turn of the century the waste and recycling industry has adapted to increasingly stringent and complex environmental health standards put in place to protect and preserve the health and welfare of our communities. We have always focused on finding innovative and cost effective waste management practices for recycling and disposal; diverting greater amounts of refuse from the landfill.

Presently SSFSC provides a full range of pre- and post-collection services to assure efficient, responsive, hands-on waste management, capable of meeting the rapidly changing regulatory and environmental challenges that we are confronting, and will continue to confront, in the coming decades.

Our past dictates our future and the sustainability goals we have selected. We remain committed to the environment, local economy/community support, and employee support and safety. This report documents where we have made significant progress in these areas. Furthermore, we have made dramatic progress in reducing our Greenhouse Gas (GHG) emissions! Our formal goals reinforce our business values, and our concrete targets until 2020 providing a way to track our progress in meeting these goals. Our reports will publically and transparently track our progress in meeting these targets and goals. The table below provides a summary of our goals.



SOUTH SAN FRANCISCO SCAVENGER'S SUSTAINABILITY

Goals and Targets

Environmental

Climate Action Planning

Goal 1: Reduce direct and indirect greenhouse gas (GHG) emissions.

Fleets and Fuels

Goal 2: Improve fleet efficiency and lower emissions which have negative air quality and GHG impacts.

Green Building and Facility Energy Use

Goal 3: Promote initiatives to reduce facility-wide energy use and green building initiatives.

Recycling and Resource Management

Goal 4: Promote additional recycling and waste reduction at SSFSC and within local communities.

Environmentally Preferable Purchasing

Goal 5: Reduce the negative environmental and social impacts of products through effective preferable purchasing programs.

Facility Water Use

Goal 6: Reduce overall facility-wide water usage.

Local Economy and Community Support

Socially Responsible Procurement

Goal 7: Promote local and minority owned businesses through procurement.

Employee Engagement

Goal 8: Recognize our employees' commitment to safety, customer service and GHG reduction.

Local Events, Charities and Community Involvement

Goal 9: Contribute to our local communities/service areas by engaging employees and hosting, sponsoring and being active in local events, charities and projects

Commitment to Employee Training, Health and Safety

Goal 10: Ensure all employees are trained adequately for the equipment they are working with and maintain a safe workplace.

A LOOK INTO THE FUTURE

At SSFSC, we are proud that each of our business entities has consistently remained compliant with local and state regulations in waste management. We strive to stay apprised of any up-and-coming regulations so we are continually prepared to meet or exceed our jurisdictions' expectations. We work closely with the jurisdictions we service so that together so we can reach their individual goals in Sustainability and Climate Action Planning. Furthermore, as California continues to push the boundaries of Greenhouse Gas Reduction and Zero Waste, we ensure that our operations and business model stay on course to meet state-level compliance. Rather than being hindered by new laws and far-reaching goals, our evolving Sustainability Program assures that we are primed and ready to comply with both current and future state laws and local objectives in managing waste.



THE INFLUENCES OF AB32

In 2006 the Governor signed a landmark bill (AB32) that mandates the reporting and reducing of Greenhouse Gas emissions. A Scoping Plan was published in December 2008 which outlined targets and action items for a variety of sectors to meet the Phase 1 reduction goals by 2020. In May 2014, Phase 2 of the Scoping Plan was adopted which outlined the next set of goals and targets for the state post-2020. Out of this framework came guidelines for local jurisdictions to draft Climate Action Plans. It reinforced the low carbon fuel standard (LCFS) – to lower the carbon intensity of transportation fuels; and it encouraged higher levels of recycling and increased diversion of waste from landfills. The implementation of AB32 has motivated jurisdictions and businesses to reduce GHG emissions and promote sustainable projects

NET ZERO

Phase 2 of the Scoping Plan sets broad targets for several separate industry sectors to achieve the 2050 goal of 80% GHG reduction compared to 2006. For the Waste Sector, the California Air Resources Board (CARB) has set a goal that the industry achieve Net Zero by 2035. Net Zero is achieved when avoided indirect emissions offset operational emissions. We have been calculating our avoided indirect emissions since 2006 and have demonstrated, on an annual basis that we have offset more emissions than we produce achieving the 2035 Net Zero target today.

Net-Zero is a term defined by CARB as a facility with direct emissions being offset by avoided emissions.

The equation is simple: Net-Zero (operational GHG – avoided GHG = 0)

LOCAL CLIMATE ACTION PLANS

Local jurisdictions responded to the state-wide goals detailed in California's AB 32 Scoping Plan and SB 375 to develop Sustainable Communities Strategies by writing Climate Action Plans (CAPs). The AB 32 Scoping Plan identifies local government as integral partners to achieve the State's goals, while SB 375 aims at reducing GHG emissions by linking local transportation funding to land use planning. By completing an inventory to quantify GHG emissions, cities develop Climate Action Plans as a qualified GHG emission Reduction Strategy for the future. These Climate Action Plans serve as a way to outline strategies, goals and actions for reducing municipal and community-wide GHG emissions.



In our service areas alone San Mateo County, the City of South San Francisco, the City of Millbrae and the San Francisco Airport have all set concrete GHG reductions goal and sustainability initiatives. As a member of the community, it is important that our own goals are in-line with that of our jurisdictions. This ensures that as we make progress toward our own goals/targets, we are assisting our communities in achieving theirs. Together we are focused on reducing emissions from Transportation, Buildings, Electricity Usage, Water and

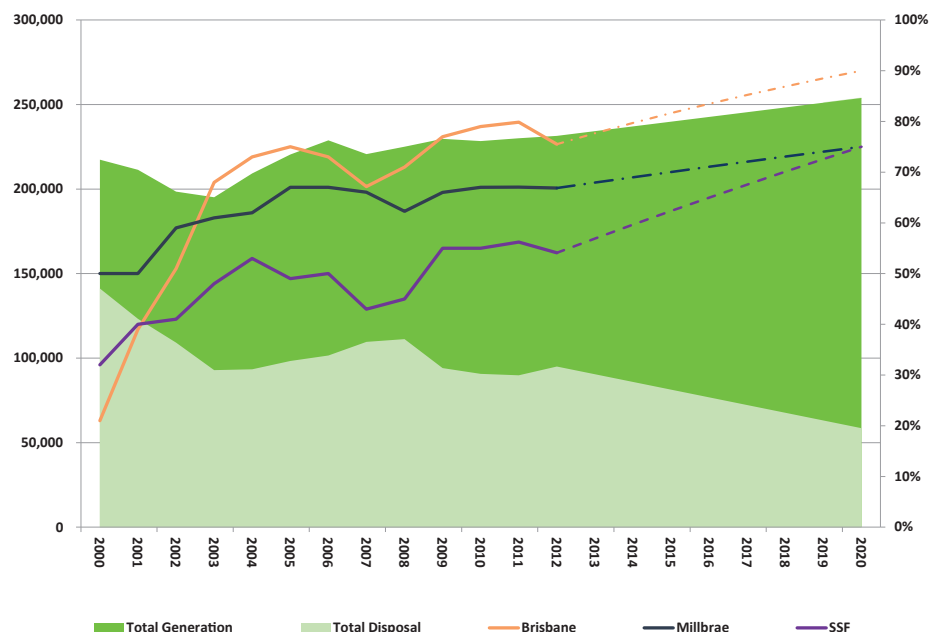


Waste. These targets serve as the environmental backbone of our own Sustainability Program as well. As a part of our service commitment, we keep our communities "in the loop" on our sustainability progress and share with them the environmental benefits they receive such as reducing the GHG emissions associated with our operations and the avoided emissions associated with our landfill diversion activities.

75% RECYCLING GOAL

In July 2012, the Governor signed AB 341 that created a statewide policy goal to **reduce, recycle and compost 75% of solid waste from landfills by 2020**. AB 341 requires all businesses that generate 4 cubic yards or more of commercial solid waste per week, and multifamily residences with 4 or more units, to have recycling programs. We have committed to this mandatory program in the following ways: outreach and education to local businesses; investment in advanced processing technology in our material recovery facility (MRF); and, cutting edge technology to process organics on-site. The commercial recycling and organic collection programs are an excellent example of how we are doing our part to help local communities meet their Climate Action Plan goals in the areas of sustainability and zero waste. Moreover, these programs are a step in the right direction towards meeting state-level compliance. The graph below shows the diversion achieved from our jurisdictions since 2000, and how we project South San Francisco and Millbrae can achieve 75% diversion and 90% diversion for Brisbane.

Our Communities Current and Projected Diversion (2000 – 2020)



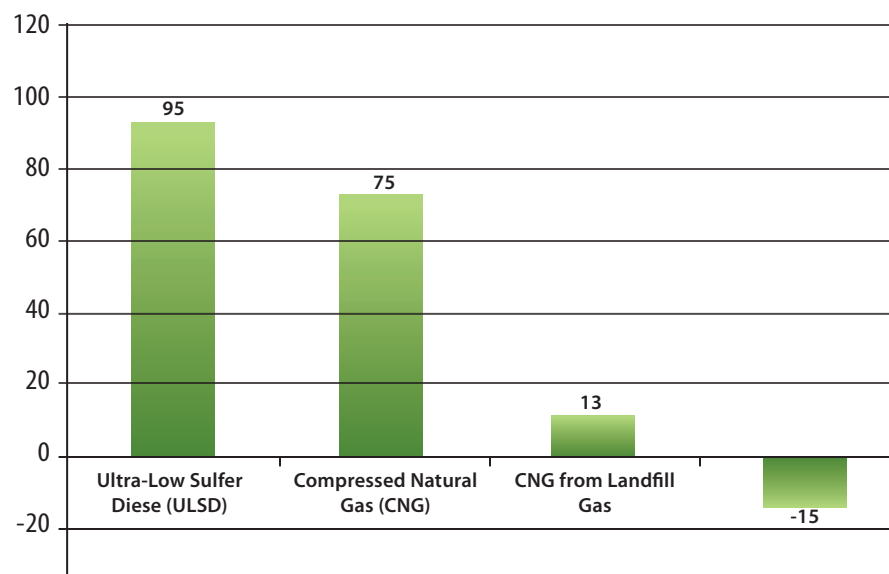
CARBON NEGATIVE FLEET

Improving local air quality and reducing GHG emissions from our fleets has always been a primary focus of our business. We have progressively transitioned our collection fleet to compressed natural gas (CNG) and biodiesel to help mitigate these impacts. However, we are taking this commitment a step further by



installing the first dry AD facility that will convert methane into CNG for our on-road vehicles. Further, the California Air Resources Board (CARB) has evaluated the life cycle impact of CNG generated from dry fermentation anaerobic digestion and determined that it is Carbon Negative compared to diesel, pipeline CNG and CNG from landfill gas. The graph above summarizes CARB's findings that biogenic CNG has a carbon intensity of -15 gCO₂-eq/MJ, where pipeline CNG has a carbon intensity of 75 gCO₂-eq/MJ and ultra-low sulfur diesel has a carbon intensity of 95 gCO₂-eq/MJ. The result is a dramatic reduction in the overall GHG impact of our operations.

Carbon Intensity for Diesel & Substainables, g CO₂-eq/MJ
(grams CO₂ emitted per unit of energy adjusted for energy)





THE FUTURE OF ORGANICS

Organics present the largest opportunity for California to increase the diversion of materials from landfill as well as significantly reducing GHG emissions. Organic materials anaerobically decompose in landfills releasing large amounts of methane, which is a potent GHG. Instead of allowing the decomposition to happen uncontrolled in a landfill it is possible to control this process in a digester where the methane may be used to generate electricity or fuels. Further, if organics are turned into compost and re-applied to the soil they present significant opportunities to increase the health of soils, aiding in carbon sequestration, reducing the need for water, herbicides, pesticides and fertilizers, reducing even more GHG emissions. At SSFSC we participated in furthering legislation to remove organics from landfills as we believe there is a higher and better use for them. In 2014, two bills were signed to assist in removing organics from the landfill. AB 1826 mandates organics collection for commercial generators and AB 1594 helps remove recycling credits from the use of green waste as Alternative Daily Cover (ADC).

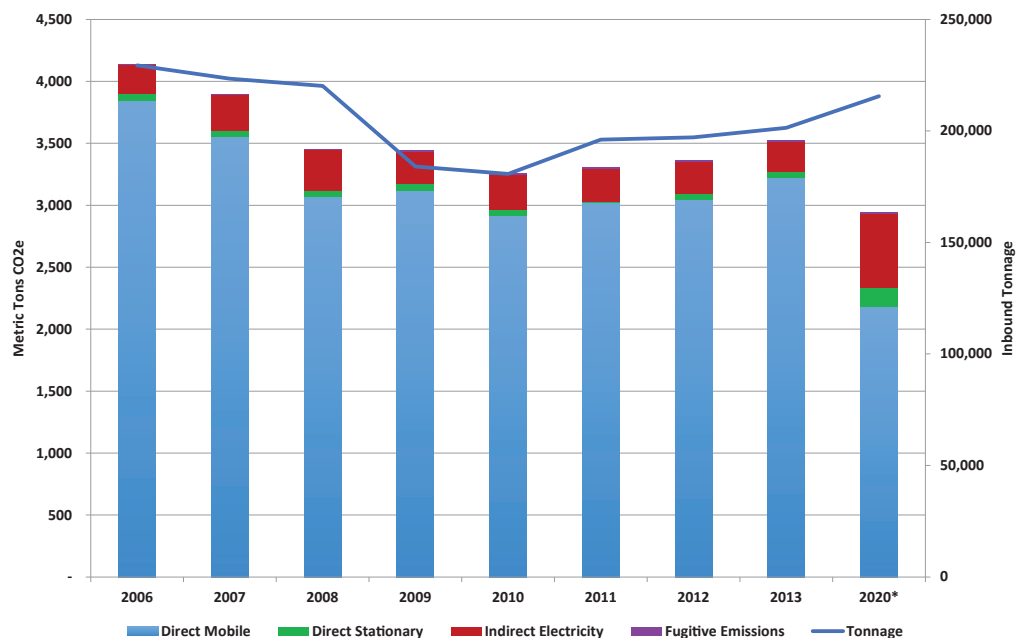


OUR SUSTAINABILITY PROGRAM

CLIMATE ACTION PLANNING

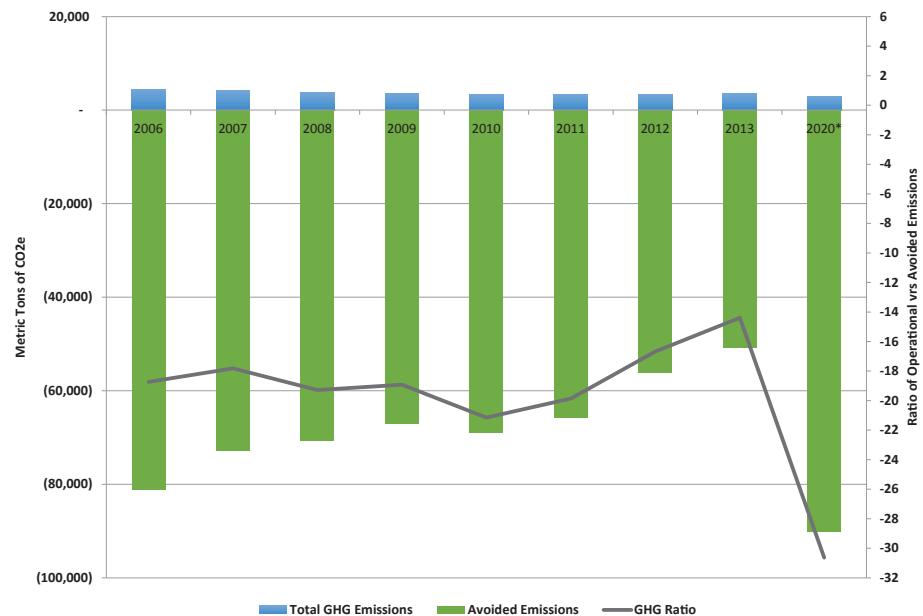
Our climate strategy has been at the forefront of our operations and has led to several strategic business decisions to help our facility reduce our carbon impacts, as well as prepare for the impacts of global climate change and AB 32. As a foundation of our Climate Action Plan we have annually measured and verified our GHG footprint since calendar year 2006 using the nationally recognized platform, The Climate Registry (TCR). Since 2006, we have had verifiable reductions of 18.55% for our entire emissions inventory. We are currently on track to be ahead of the state-wide AB 32 commitment of a 29% reduction by 2020, compared to our 2006 baseline. Given our projections from the newly completed AD Facility we estimate we will achieve over 30% GHG reduction by 2022. The chart below provides a visual representation of the changes in the emissions inventory by year and how it has decreased since 2006. In our most recent year, 2013, our emissions have increased slightly due to an increase in the amount of tons collected and processed, but we are still on track to meet our goal of achieving GHG reductions as detailed in the next few sections.

Emissions Summary by Category- All Years, 2022 Goal



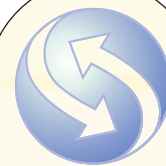
¹Our Diesel to CNG conversion will be complete by 2022. We are using conservative estimates regarding the amount of electricity and natural gas needed to power the AD Facility and new CNG Fueling Station. These may be further offset by solar panels in the future.

GHG Emissions and Avoided Indirect Emissions 2006-2013



In an effort to further our understanding of our company's impact on the world around us, we have been calculating the avoided GHG emissions of our landfill diversion efforts. We have been using best practice estimates provided by the Environmental Protection Agency (EPA's) Waste Reduction Model (WARM) and California specific emissions factors published by the California Air Resources Board (CARB). These provide emission factors for a broad spectrum of recycled and composted commodities that are derived from comprehensive life-cycle assessment methodologies.

Our company has strategically enhanced our operations to divert a greater amount of waste from our landfills. In 2013, our facility diverted over 65,000 tons of material from landfills to other sources. Our multi-pronged approach, described in the Recycling and Resource Management Section, is expected to dramatically further our Climate Action goals to avoid over 20 times the emissions we generate showing we are "Net Zero" now. We have also increased our operational efficiency (MT GHG Emissions/Ton Processed), by 7% since 2006. The graph demonstrates the impact waste diversion has on avoiding carbon emissions, compared to what our portion of the emissions are. We have averaged avoiding 17 times the emissions we generate and are on track to meet our goal of avoiding 20 times the emissions we generate from our operations by 2020.



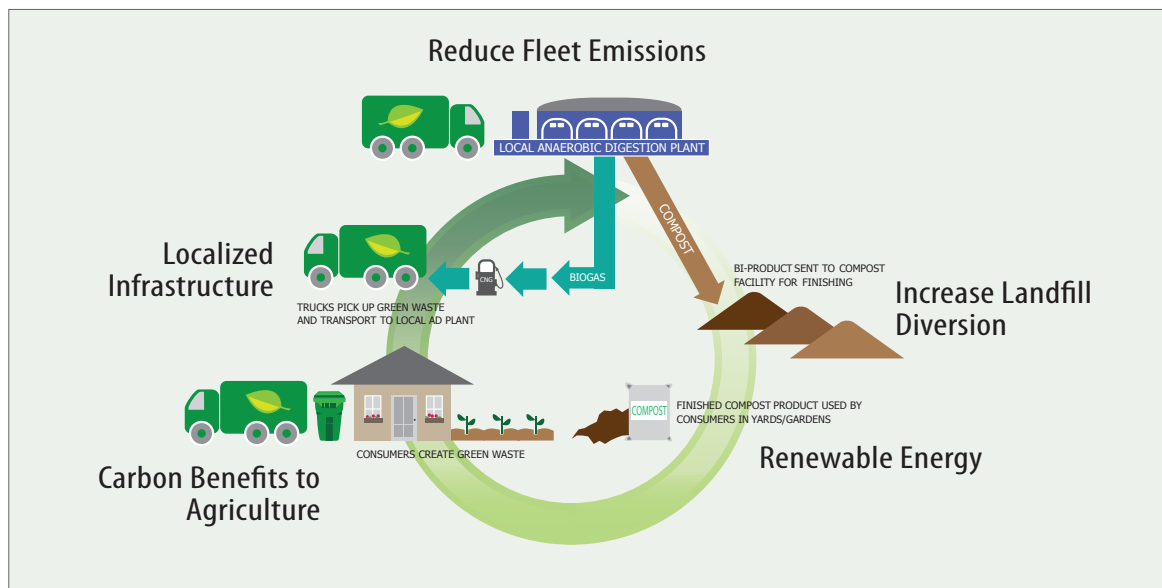
Why calculate avoided emissions from landfill diversion?

Recycling reduces the demand for raw or virgin materials while remanufacturing with recycled materials generally reduces overall energy use. Recycling also results in increased carbon sequestration by forests since fewer trees need to be harvested for wood and paper products.

As we better understand the benefits of recycling and composting we can make strategic decisions about where to focus our efforts and how we can better manage all materials.

OUR ANAEROBIC DIGESTION FACILITY- AT THE CROSS ROADS OF CLIMATE CHANGE POLICY

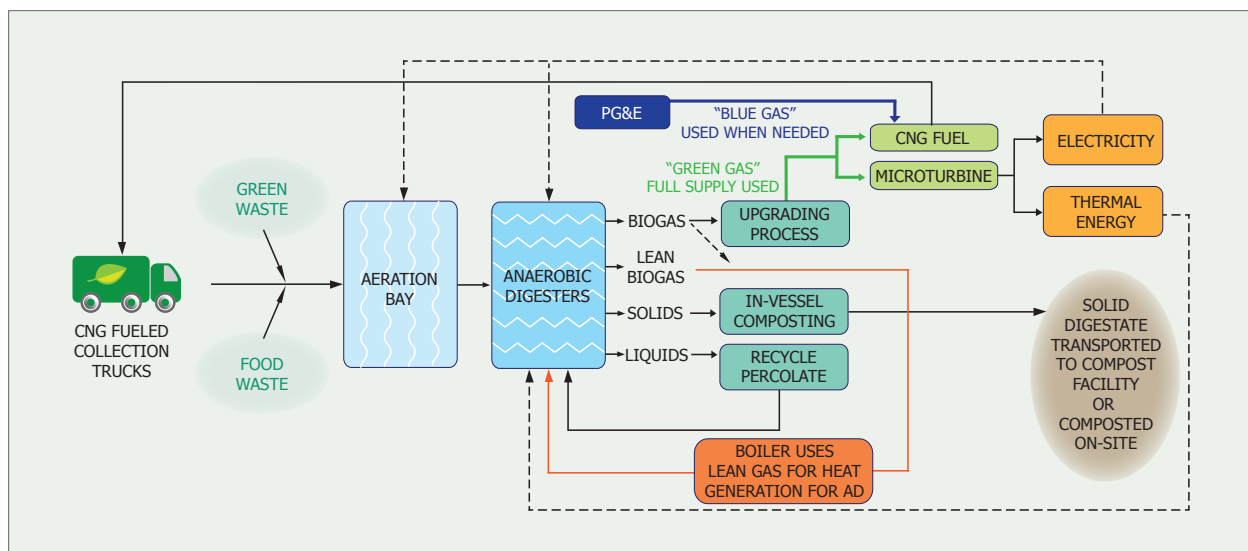
In September 2014 we hosted a Ribbon Cutting for the nation's first dry AD Facility that will convert methane gas into compressed natural gas (CNG) fuel for our trucks. We are excited to pioneer the future of materials management by creating a fuel source for our trucks from the materials we collect from our local communities. The by-product can be composted and applied to soils promoting healthier production of food and plant materials, that will eventually find themselves back in our digester; *a closed-loop renewable fueling system.*



Our facility will process 11,200 tons per year of food and yard waste materials collected from our service areas. We have integrated three of the best technology providers in the world (Zero Waste to Energy,



Cornerstone Technologies and Clean Energy) in an innovative process to combine the renewable biogas from the Dry Fermentation process with pipeline natural gas in our on-site fueling station. Our fleets have already achieved enormous climate benefits by converting from diesel to CNG. We will expand on these reductions by mixing in the pipeline grade bio-CNG to run our fleet of collection vehicles.



We worked extensively with our vendors to ensure that the AD facility we built had minimal impacts to our immediate neighbors and greater community. At every step in the process we have done our best to close the loop on energy sources, utilize local contractors and ensure we are continually thinking of the bigger picture and impact of our facility. One unique aspect to this system's design is the capturing of the 'lean biogas' which is not suitable to use in our trucks, but can be used to generate heat





The Basics of Dry Anaerobic Digestion

Anaerobic Digestion is a natural process in which bacteria breaks down organic matter in an oxygen-free environment. Decomposition occurs in several stages and converts organic matter into a soil amendment and a combustible biogas that is used as a renewable compressed natural gas for our collection fleet.

for the Digesters. The Digesters produce additional thermal heat and electricity which is all used within the system so there is no major draw on the electricity Grid.

The AD Facility will have a significant impact on our GHG emissions because of the ability to generate a renewable fuel for our largest GHG source; our collection fleet. We plan to continue converting our collection fleet from diesel (where we utilize B20) over to CNG. Once the vehicles are CNG they will be fueled with the bioCNG produced by our AD Facility; a dramatic impact in reducing our GHG emissions. We estimate this could help us drop our largest GHG emissions source by over 35%. There will be a slight increase in electricity and natural gas usage for running the AD Facility and on-site CNG fueling station. We have included this increase in our GHG projections, and still show our ability to achieve the goals set by AB32. We are currently planning to investigate opportunities to offset this increase in electricity usage by the use of solar panels

Fleets and Fuel Use

Our largest community and environmental impact has always been our fleet of vehicles, both on and off road. We have been focused in mitigating both the environmental and social consequences of our trucks



moving through our local communities. We have managed to make large improvements in these areas by switching to alternative fuels and managing our routes closely. Since 2000 we have been transitioning our diesel vehicles to biodiesel and compressed natural gas (CNG). We have pushed fleet innovation by asking for higher blends of biodiesel and purchasing the first Peterbuilt hybrid truck available on the market. In addition we maintain a strict vehicle replacement program to ensure that we are expanding the number of CNG vehicles used in our fleet and staying well ahead of regulatory compliance. This pro-active approach has resulted in better local air quality and reduced GHG impacts.

ROUTING EFFICIENCIES

SSFSC has made significant improvements in efficient truck routing. Historically, waste collection routes were scattered across communities, so there were multiple trucks driving similar streets and routes to service similar areas. We currently use a variety of technologies and management practices to ensure our routes cover entire neighborhoods with the smallest impact possible to the community. Our management practices include providing all drivers with turn-by-turn directions which maximize right-hand turns, avoid major traffic areas, and simplify the process of junior and substitute drivers becoming proficient at new routes. Not only has this resulted in fewer complaints and less wasted driver time, we have seen a major reduction in GHG emissions due to the increased efficiency. A firm anti-idling program also ensures that idling is reduced as much as possible for all of our vehicles. Advanced technology in our trucks also assists in managing our efficient routing program. All trucks are equipped with Global Position System (GPS) and drive-cams, which serves multiple purposes, but has predominantly increased safety and operational accountability for our drivers.



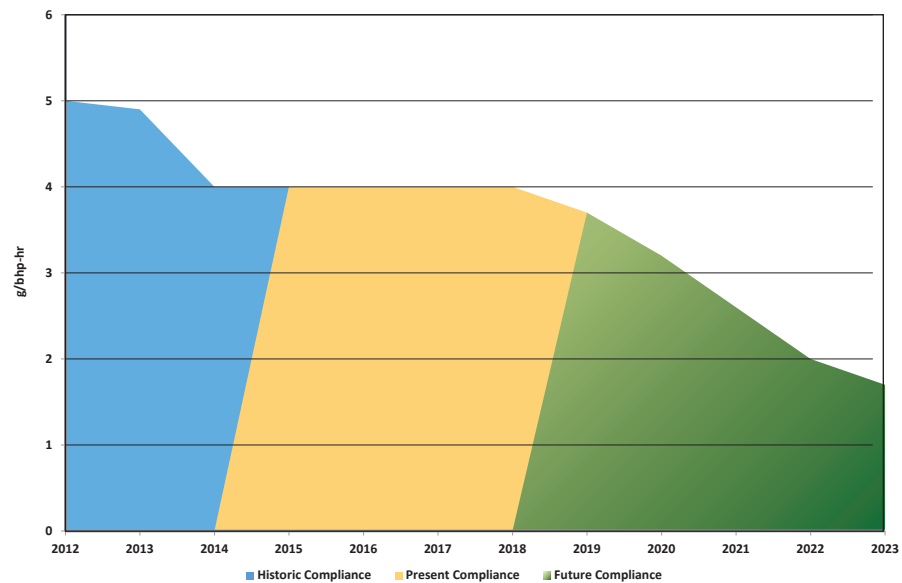
Did You Know?

When comparing similar engines, transitioning a truck from Diesel to CNG will reduce NOx emissions by 30%-40% per natural gas engine.

MEETING FLEET REGULATIONS

Historically, we have maintained our fleet ahead of air quality permit requirements. We were an early adopter of biodiesel and CNG, which have both air quality and greenhouse gas benefits. We will continue to convert our fleet from diesel to CNG engines. Our off-road fleet has reduced air quality emissions by 20% since 2012 and will reduce by another 50% by 2022. The following graph summarizes our progress and future regulatory goals. Our current year, 2014, is ahead of our compliance schedule for the next four years! In actuality, all of our historic years have been ahead of what CARB requires for our off-road fleet.

Off Road Fleet Average Emission Rates (g/bhp-hr) and Fleet Targets



While we have continued to replace the fueling source for our on road fleet of vehicles with alternative fuels, such as biodiesel and CNG, a portion of vehicles have been replaced with hybrid technology. We plan to continue converting our fleet, as shown in the following graph. This conservative estimate allows us to stay ahead of regulatory goals, significantly reducing our GHG emissions and providing a benefit to local air quality by reducing the emission of nitrous oxide. In addition to this replacement schedule we plan to purchase renewable energy fuel credits to further reduce our fleet's air quality impacts and invest in sustainable fueling technologies.

IT IS OUR GOAL TO CONTINUALLY STAY AHEAD OF REGULATORY COMPLIANCE FOR OUR FLEET.

We will do this by continuing to reduce our fuel consumption and resulting GHG and air quality emissions by focusing on:

- Burning less fuel through smart routing systems;
- Reduce truck idling through driver training and monitoring;
- Burn cleaner fuels and use less diesel fuel by continuing to add CNG vehicles and using biodiesel;
- Burn fuel cleaner by modernizing the big rig portion of the fleet by replacing existing trucks with CARB compliant model year trucks by 2023 (we are well ahead of this schedule); and,
- Add cleaner engines and replace off road recycling equipment.

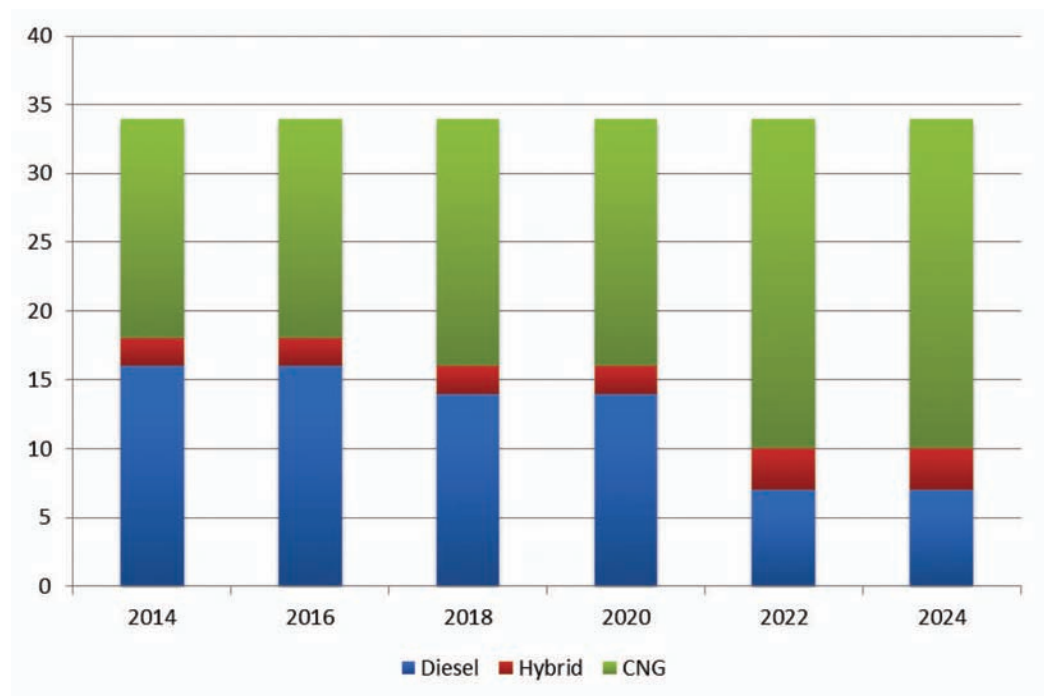
GHG IMPACTS OF BIO-CNG FOR OUR FLEET

The Life Cycle Estimate published by the California Air Resources Board estimates that BioCNG is carbon negative compared to traditional fuels such as diesel and CNG. From a tailpipe perspective, not including the benefits upstream and downstream of the fuel, we are using The Climate Registry's reporting protocol, which



counts biogenic CO₂ produced from the combustion of bioCNG as zero. Based on our current projections of the amount of fuel the AD Facility will produce for our estimated 24 CNG collection vehicles by 2022, we plan to achieve a 43% reduction in emissions from our entire fleet of vehicles.

Conservative On-Road Fleet Replacement Scenario



GREEN BUILDING AND FACILITY ENERGY USE

We have made considerable progress toward our goal of reducing facility-wide energy use and promoting green building initiatives. In fact we have achieved three out of four targets since 2010. Our office building achieved Leadership in Energy & Environmental Design (LEED) certification for an Existing Building: Operations and Maintenance. To obtain this certification, we made a variety of upgrades and changes to our office building to reduce water and energy usage, increase our zero waste efforts and by purchasing more environmentally friendly products. We are proud to be the first waste management company in San Mateo County to achieve LEED. Our next goal is to meet Silver status for our building by 2020. In addition we will continue to make improvements to our other buildings to promote water and energy conservation.



In 2008 we installed solar panels on the roof of our Materials Recovery Facility (MRF) to offset our electricity usage. We have been pleased with the results and plan to install more. We are investigating the most appropriate place for our next set of solar panels which we plan to install by 2020. Additionally, we continue to investigate opportunities to reduce our electricity usage through lighting retrofits in different parts of our operations. We have seen significant savings from the retrofit we have completed in our MRF.



We believe all of these efforts will help us reduce GHG emissions from electricity and natural gas by 25% in 2020 compared to 2006. The improvements in our MRF have reduced our emissions to equal our baseline year for both natural gas and electricity. We are also in the early stages of looking into offset credits for our energy usage which will help us achieve, or go beyond, this goal.

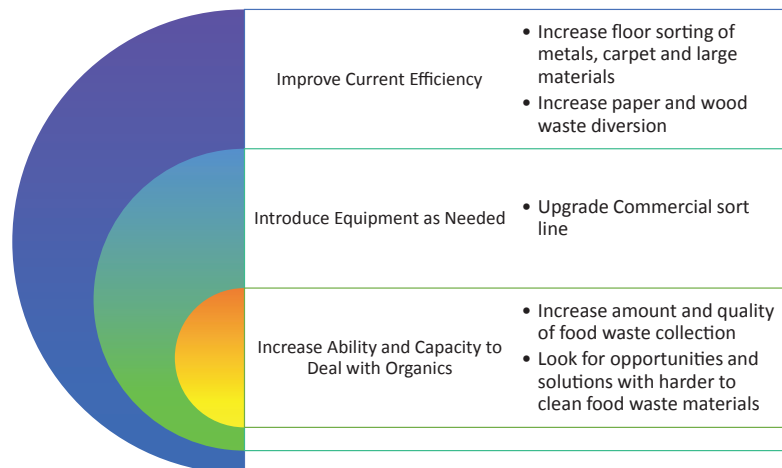
RECYCLING AND RESOURCE MANAGEMENT

SSFSC's primary business is managing materials from their collection point to their final destinations. Our goal is to divert as much of this material away from landfills, so it may serve a higher, better use and extend the life of the precious resources they contain. We have a multi-lateral approach to better manage these materials detailed in the graphic below. We want to use existing equipment and processes to their maximum

capacity. The next step is to make improvements by adding new equipment where needed, specifically to our commercial line where we can recover more traditional recyclables. Finally, our capacity to deal with organics is greatly increased with the completion of our AD Facility in 2014.



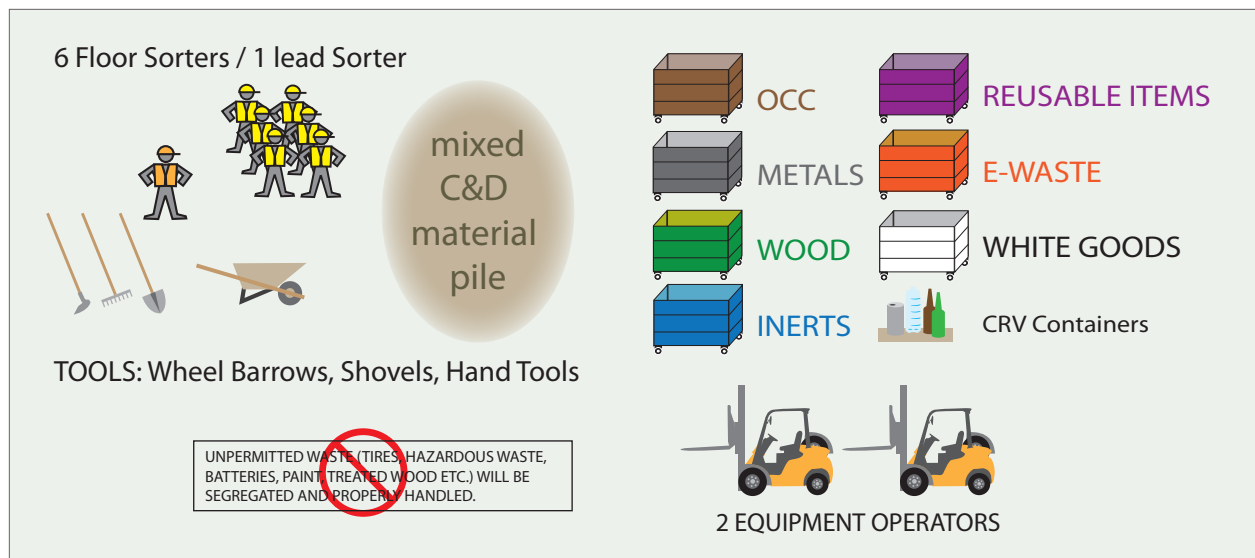
Material Recovery Strategy



IMPROVING OUR CURRENT OPERATIONS

One way we have maximized our current operation is by implementing a “High Diversion Floor Sort” to process Construction and Demolition (C&D) Materials. Traditionally we would process this material on a conveyor line that would utilize a variety of mechanical and manual processes to separate the debris. Instead, the high-diversion floor sort program maximizes recoverable material on the tip floor of our MRF so it does not need to be processed over a line. Dedicated bins are used to collect a variety of C&D commodities, with sorters to pull materials out of the central pile and organize them into the bins. The bins are moved in an efficient manner which ensures a continuous operation. We have seen an increase in recoverable material using this method, and have now created more space in our MRF for an additional processing line. We are continually looking at ways to enhance our current operation to efficiently and effectively divert materials from our existing streams.

High Diversion C&D Floor Sorting



INTRODUCING NEW EQUIPMENT

SSFSC has provided recycling collection services to businesses and homes in our jurisdictions for many years.. We plan to build upon the success of these programs in order to further the diversion rates for our communities by continually educating businesses and residents through our outreach programs and by enhancing our operations.

This includes improving our commercial sort-lines to ensure materials are as free from contamination as possible. Our goal is to focus on dry recyclables which we expect to see more of as a result of our community education programs. In recent years the processing abilities from machinery have increased dramatically. We intend to strategically add equipment to our lines that will help us focus on separating specific commodities that enter our facilities.

INCREASE ABILITY AND CAPACITY TO DEAL WITH ORGANICS

South San Francisco Scavenger Company has remained committed to diverting as much material as possible to support the statewide goal of 75% waste diversion by 2020. We also understand that certain materials, when diverted, provide benefits beyond removing them from a landfill. For example, our focus on organics assists our communities in achieving their diversion goals, reduces emissions generated from landfills, creates high quality compost that provides multiple benefits when added to soils and, in our case, can help propel us toward true sustainability by producing a renewable fuel for our collection trucks.

As a result of our investments, we reclaimed 26,173 tons of commercial food waste, yard waste and lumber in 2013 alone, preventing the equivalent of 12,593 metric tons of carbon dioxide from entering the atmosphere.

The food waste and yard waste was turned into usable compost, which in turn provided its own benefits such as water retention for drought-stricken California. Agricultural application of the compost produced by South San Francisco Scavenger in 2013 will save 144 acre feet of water according to estimates provided by the California Air Resources Board (CARB).

Our new AD Facility will allow us to divert even more food waste away from the waste stream and provide yet another valuable resource from the material stream, energy. By processing organic waste in this low oxygen environment the once harmful methane gas, is transformed into compressed natural gas and harnessed to power a carbon negative collection fleet. SSFSC's venture into this nascent technology will lead the way for others who wish to power their fleets with the very material they collect.



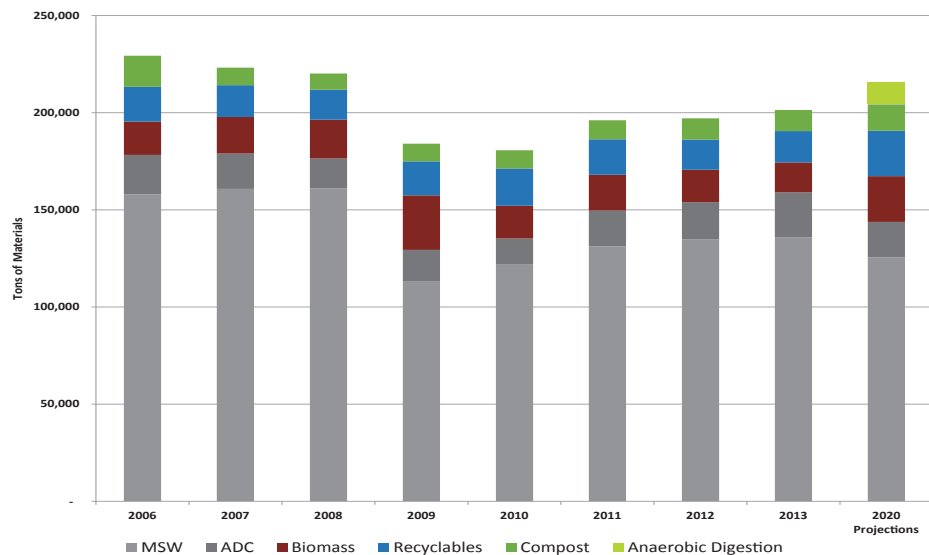
Why Organic?

Organic waste, such as food scraps, constitute a large portion of the waste stream in California. When the materials are buried in a landfill, it decomposes and produces methane, a greenhouse gas 21 times more potent than carbon dioxide over a 100 year life cycle and considerably higher over a shorter term. South San Francisco Scavenger has recognized the impact of landfilled organics, and has answered it with investments in collection, composting, and anaerobic digestion.

OUR PROJECTED OPERATIONAL DIVERSION

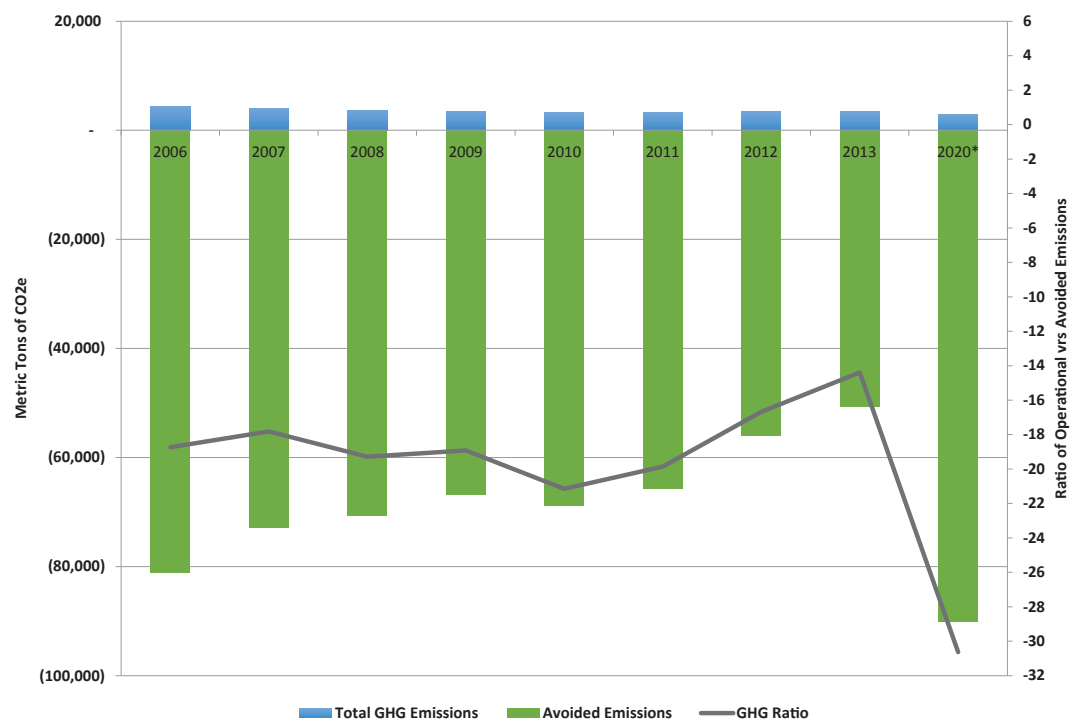
We can estimate the total amount of materials we expect to collect in 2020 based on population projections from our communities. In addition, we can make assumptions on the additional recycling we may be able to achieve by commodity type through the enhancements we are making to our operations. We estimate this will increase our facility recycling rate by at least 9% in 2020. The graph below shows how we will be able to increase the total amount of materials by end use; municipal solid waste (MSW), alternative daily cover (ADC), combusted biomass (Biomass), Recyclables, Compost and Anaerobic Digestion. We feel our current projections are conservative and it is likely we will be able to go beyond this by further investment in organics processing technology and focusing on hard to recycle waste streams like those produced by multi-family dwellings.

Breakdown of Managed Materials from 2006-2013 and Projected to 2020



Based on the material stream projections we can also make predictions about the total avoided emissions we can expect to produce. These estimates show that in 2020 we will be able to avoid over 90,100 metric tons of GHG emissions per year through our recycling programs. Using our operational emissions projections this will help us avoid over 30 times the emissions we generate, as demonstrated by the graph below.

Operational Emissions vs Avoided Emissions, 2006-2013 and 2020 Projections



EXTENDED PRODUCER RESPONSIBILITY; WHAT IT MEANS TO THE WASTE INDUSTRY

According to the California Product Stewardship Council (CPSC) Extended Producer Responsibility (EPR) is supported by 24,582,233 Californians; 64% of the state's population. The product stewardship movement believes producers and manufacturers should have a greater level of responsibility for designing, manufacturing, and packaging a truly recyclable product. Preventing waste from ending up in a landfill should start with the initial product itself and continue with those involved in the life cycle of that product. The waste industry maintains an important role in this program since we help manage the "end of life" of these products. We are responsible for educating and encouraging manufacturers to share in the responsibility of eliminating waste by minimizing packaging, minimizing toxic ingredients, designing products for durability, reusability and recyclability; using recycled materials in the manufacturing of their products; and providing financial support for collection, processing, recycling, or disposal of their products and packaging. Public outreach can facilitate reducing, reusing and recycling to a certain extent, but ultimately products need to be recyclable to have a complete reuse cycle. So far 137 resolutions have been passed by local jurisdictions and organizations in California supporting a more sustainable and toxic-free environment through product stewardship.

ENVIRONMENTALLY PREFERABLE PURCHASING

The opportunity to educate individuals about recycling and reducing the waste sent to landfills goes beyond our involvement with our employees and individuals in our communities. We see environmentally preferable purchasing as a way to influence our entire supply chain to make better decisions regarding materials management and environmental impact reduction. In an effort to generate a demand for recyclable content products and other green products, we make an effort to purchase the most environmentally and socially responsible products for different operations including our fleets and office supplies. In 2011 we formalized this effort by implementing an internal environmentally preferable purchasing policy for our offices. We have followed the Federal EPA Environmentally Preferable Purchasing Guidelines outlined below:

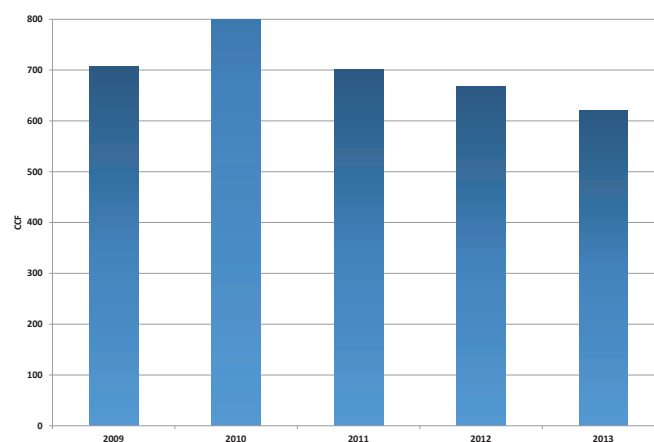
- Environmental considerations are a part of our normal purchasing practice, consistent with other factors like safety, price, performance, and availability.
- Consideration of environmental factors always begin early in our acquisition process and is always rooted in pollution prevention, which strives to eliminate or reduce, up-front, potential risks to human health and the environment.
- A product or service's environmental preferability is a function of multiple attributes which should be considered from a life cycle perspective.

For our products we have ensured minimum recycled content in paper, soy-based ink for all printed materials, least toxic cleaning supplies (such as biodegradable soaps in our truck wash), low VOC paint, recycled content carpet and electronics. At its inception, we determined that about 50% of our office supplies fell into the EPP category and we made a goal of 90% of our office supplies should be covered by the EPP in 2015. We are on track to meet this goal. By supporting reduced packaging, recycled content and green products we are ultimately diverting more waste from landfills.

FACILITY WATER USAGE

Californians have long been focused on conserving water, especially in recent drought years. At SSFSC we have focused on our water reduction since the original design of our current facilities in the late 1990's. As part of our seeking LEED accreditation for our office building, we have implemented various strategies to reduce water consumption, and have realized a 14% reduction in usage for our office building since we began tracking in 2009.²

Water Usage (CCF) for Administrative Building (2009-2013).³



In 2013 our operations did see a slight increase in overall water usage. This was primarily due to the construction activities associated with our AD Facility. However, other water conservation efforts off set much of this one-time increase. Our international waste sterilizer uses steam and hot water to sterilize waste that originates in other countries, such as discards from international air travel. In 2012 we installed a smaller steam generator so we can process smaller batches of waste more efficiently. This has resulted in a 171% drop in water usage per cycle since 2009. Our operations team monitors these sterilization cycles closely to maintain our goal of optimizing water usage by 12 ccf/cycle or less, which we have maintained since 2011. We implemented several water saving measures for our other buildings including low-flow fixtures and landscape drip irrigation that is timed and adjusted seasonally. We also use native landscaping around our facilities to use less water. We closely track our landscape usage as well and our sprinklers are adjusted on a continual basis to match seasonal needs. In 2013 we set a new goal of maintaining landscaping water efficiency and look for opportunities to further reduce water use in offices.

² There was a spike in water usage in 2010 was due to upgrades to the buildings. Using a baseline usage of 2009 usage, we have found the retrofits have resulted in a 14% reduction in office water usage.

³ The scale has been adjusted to show the reduction from 2009-2013. It does not show the total water used in 2010.

LOCAL PROCUREMENT

Investing in the communities we service is one of the best ways we feel we can give back and contribute to the continued prosperity of our local communities. We make every effort to support local and minority owned businesses, specifically around services they may provide our facility and operations. Historically our local purchases have run the gamut, from clothing for our employees, catering for events, to road paving services. This year, we were able to use local businesses to assist in the construction of our AD Facility, and to support the several large events we hosted including the ribbon cutting of the AD Facility and our 100 Year Anniversary Open House. We formally track our locally purchased supplies and services to ensure we are maintaining our goal of purchasing 20% of our products and/or services from local and/or minority owned businesses.



EMPLOYEE ENGAGEMENT AND RETENTION

We pride ourselves on giving recognition and providing incentives to our employees as we understand that employee satisfaction is key to the success of our operations. Our goal over the coming years is to expand our current recognition program and offer additional ways to acknowledge our employees' time and dedication, reinforcing the family culture we have worked hard to foster. The following sections exemplify what we do and plan to do to increase job satisfaction.

Wages and Benefits

All employees receive prevailing wages, even if the employee is not a union member. We implement a policy of non-discrimination, and equal and equitable employment. Every



employee is provided with a complete health and welfare package, as well as vision, dental, pensions, paid time-off and holidays, and family medical and bereavement leave. The same benefits package is offered to all employees, regardless of their position within the company. We work hard to implement a creative and engaging employee satisfaction program, which also reinforces our sustainability vision and local community involvement. This has included frequent on-site BBQ's and invitations for both employees and their families to attend our annual company

holiday party, and the bay area-wide family orientated truck rodeo and kids carnival every year in October. Employees also receive custom jackets, an annual boot allowance and complimentary clothes-cleaning service for work uniforms. We are implementing a program acknowledging employees on their birthday and on the anniversary date of their employment with a card signed by the partners or their supervisor. We will also begin providing gift cards to commemorate an employee's anniversary when they reach 5, 10, 15, 20, 25 years and over. In addition, as a reward for exemplary service, we will begin our "Giant's Game with a Partner" program in 2015 where we plan to set aside a couple of day games throughout the year to have interested employees attend a Giant's game with a partner. We also provide "Compliment Rewards" for each compliment an employee receives from a customer and acknowledge actions which are in the best interest of the company such as reporting a theft. To show our appreciation, we treat the employee to lunch. We will also reward employees who do not use sick leave. While all employees receive a payout for their unused sick leave at the end of the fiscal year, we will also provide a \$50 gift certificate to a local restaurant for employees that have not used any leave.

COMMUTER BENEFITS

We have begun a commuter incentive program in accordance with the Bay Area Commuter Benefit Program to reduce our employees' carbon footprint on the environment. Not only are we incentivizing carpooling, but we have expanded the program to include walking and biking to work. If an employee walks or bikes more than four days per week they will receive a \$100 benefit per quarter. This also helps to increase employee health and wellness as we encourage exercise as part of a daily routine.

Since 65% of our employees reside in our service areas, our ability to encourage their community participation is greatly increased. We have recently implemented a program to recognize the community service of all our employees regardless of where they live. We are conducting a survey to obtain information on what our employees do to give back to their own communities such as coaching sports teams, volunteering in their church or local schools and participating in service clubs. Based on the results of the survey, we will implement programs to encourage giving back and recognize individuals that exhibit exemplary efforts in this area.

We feel that these programs have helped to foster a happy, positive and safe work environment, which is evident by having virtually zero employee turnover! Out of 100 employees, 87 of them have more than 9 years of seniority, and 25 have between 20–50 years.

LOCAL EVENTS, CHARITIES AND COMMUNITY INVOLVEMENT

Our owners and employees are heavily tied to the community, making the services we provide personal. We also make efforts to give back and integrate ourselves into the local area to try and make our communities a better place to live. Since 65% of our employees reside in our service areas, our ability to encourage their community participation is greatly



increased. Every year we participate in food drives, donate to local charities, serve as active board members of local service organizations and non-profits and volunteer for a variety of additional events. We also maintain our portion of the Bay Trail for the benefit and enjoyment of the local community, which serves as a walking path from the San Francisco International Airport to Brisbane and runs along the bay side of our facility.

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In the last year, with the building of our AD Facility, we have hosted and participated in many community events to educate our customers on the value of this technology. We have invited groups to our location so we can provide a greater level of understanding of how the facility currently works, and the benefits of the new AD Facility. Part of this education tour features our on-site 4R Learning Center where groups learn about the importance of waste reduction and recycling in general. The education center's location allows visitors to look out over the Bay and learn



about the impact trash has on the different birds, plants and mammals that live there. Additionally, visitors can safely overlook the MRF and learn about the work that goes into processing recyclable materials, construction and demolition debris and wood and yard-waste and the importance of keeping them out of the waste stream.

Inside the learning center there are different activities which demonstrate what materials are hazardous, recyclable or destined for a landfill. Visitors learn about where aluminum, plastic and glass come from: the virgin materials they are made of, how



they are used, and how they are recycled and made into a new line of products. Our goal is to provide information to our local communities about the importance of reducing waste and recycling so they can make better choices about what they purchase and discard, ultimately reducing the amount of landfilled waste

COMMITMENT TO EMPLOYEE HEALTH AND SAFETY

We recognize that our employees are our greatest asset, and employ a range of safety programs to help to make sure everyone makes it home to their family and loved ones each night.

Employee training is the backbone of our safety program. Our employees receive comprehensive job training, and are provided the opportunity to move up in the organization resulting in job satisfaction and low turnover. Training includes monthly safety meetings, driver safety training, and continuing education, such as management classes and conferences. We also provide comprehensive driver education and training and assist employees with obtaining appropriate drivers licenses. In addition, SSFSC provides extensive training (40 hours minimum) on any piece of equipment that employees are assigned to operate.

2013 marked another year where we had zero OSHA violations. We also reduced our rate of injuries significantly compared to previous years. Our ultimate goal is to achieve zero injuries every year; an impressive target. In 2013 our rate of injuries dropped by 34% as compared to 2012.

Thank you . . . for reading and being a part of our Sustainability Program. Our Report was developed by a team of people committed to ensuring SSFSC is a major part of the sustainable development of San Mateo County and the Cities we service within it. You can find further information about our Company at www.ssfscavenger.com. We look forward to reporting and building on what we have started. If you have comments or suggestions, we would love to hear them! Please feel free to contact us via the website at www.ssfscavenger.com/contact.html, or give us a call at 650.589.4020.

CONSOLIDATED SUMMARY OF SOUTH SAN FRANCISCO SCAVENGER'S FIRST SUSTAINABILITY REPORT

SUSTAINABILITY ACTION PLAN (CY2014-2020)

Goals and Targets	2014 Status
ENVIRONMENT	
Climate Action Planning	
Goal 1: Reduce direct and indirect greenhouse gas (GHG) emissions.	
Targets:	
1.1 Reduce direct and indirect GHG emissions ahead of statewide GHG emissions reduction goals.	OT
1.2 Increase recycling and composting to avoid GHG emissions by over 20 times what our operations generate.	OT
Fleets and Fuels	
Goal 2: Improve fleet efficiency and lower emissions which have negative air quality and GHG impacts.	
Targets:	
2.1 Convert 86% of fleet to low/no emission technology by 2020.	OT
2.2 Increase route efficiency and reduce fuel/ton for collection vehicles by 5% by 2015.	OT
2.3 Reduce direct mobile combustion emissions by 30% by 2020 compared to 2006 baseline.	OT
2.4 Go above and beyond air quality compliance standards for fleet.	A
Green Building and Facility Energy Use	
Goal 3: Promote initiatives to reduce facility-wide energy use and green building initiatives.	
Targets:	
3.1 Obtain LEED accreditation for office building by 2020.	N
3.2 Install additional panels onsite to offset electricity usage.	OT
3.3 Investigate opportunities for energy reduction via lighting retrofits throughout facility.	N
3.4 Reduce natural gas and electricity GHG emissions by 25% by 2020 compared to 2006 baseline.	OT
Recycling and Resource Management	
Goal 4: Promote additional recycling and waste reduction at SSFSC and within local communities.	
Targets:	
4.1 Recycle or compost 90% of waste generated by SSFSC office by 2015.	A
4.1* Recycle or compost 90% of waste generated by SSFSC office by 2015.	OT
4.2 Increase waste diversion rate to 75% or above for Millbrae and South San Francisco by 2020.	OT
4.3 Assist SFO International Airport to meet their goal of zero waste.	
4.3* Assist SF International Airport to meet their goal of zero waste by 2020.	OT
4.4 Work with local jurisdictions and commercial businesses to expand organics collection programs to 11,200 tons per year.	OT
4.5 Increase waste diversion to a rate of 90% or above for Brisbane by 2020.	OT

Goals and Targets	2014 Status
Environmentally Preferable Purchasing	
Goal 5: Reduce the negative environmental and social impacts of products through effective preferable purchasing programs.	
Targets:	
5.1 Implement a formal preferable purchasing program which covers 90% of office supplies by 2015.	OT
Facility Water Use	
Goal 6: Reduce overall facility-wide water usage.	
Targets:	
6.1 Optimize water usage in each cycle of the international waste sterilizer to 12 ccf/cycle.	A
6.2 Maintain landscaping water efficiency and look for opportunities to further reduce water in offices.	OT
LOCAL ECONOMY AND COMMUNITY SUPPORT	
Socially Responsible Procurement	
Goal 7: Promote local and minority owned businesses through procurement.	
Targets:	
7.1 Purchase 30% of products and/or services through local businesses by 2015.	A
7.2 Purchase 20% of products and/or services through minority owned businesses by 2015.	A
Employee Engagement	
Goal 8: Recognize our employees' commitment to safety, customer service and GHG reduction.	
Targets:	
8.1 Recognize employee commitment to work place safety.	OT
8.2 Support employee participation in commuter benefits program to reduce GHG.	N
8.3 Encourage employees to participate in event/charities/projects locally or in their own community.	A
8.4 Provide activities and employee perks to maintain high employee retention rate.	A
Local Events, Charities and Community Involvement	
Goal 9: Contribute to local community by hosting, sponsoring and being active in local events, charities and projects.	
Targets:	
9.1 Engage 100% of management in local charities and organizations.	A
9.2 Participate in 10 local events per year.	A
9.3 Contribute 5% of profits into local events/charities/projects.	A
Health and Safety	
Goal 10: Ensure all employees are trained adequately for the equipment they are working with and maintain a safe workplace.	
Targets:	
10.1 Continually upgrade health and safety policies to ensure employees are never put at risk while working.	A
10.2 Strive for zero lost time to work place injuries.	M
10.3 Strive for zero violations.	M
10.4 Provide each employee with 40 hours of training for all new equipment and 8 hours of annual refresher training.	A

Key

N New A Achieved M Missed OT On Track