



Annual Benefit Report

Fiscal Year 2018

Hello from beautiful Bozeman, Montana.

Welcome to West Paw's second annual B Impact Annual Report. West Paw is proud that we have been a certified B Corp for six years and Montana's first Benefit Corporation since 2015. All of us at West Paw enjoy taking the time to put this report together as it allows us to pause and reflect on the meaningful work we have done to make our community, and our planet, a better place for everyone.

In 2018 our focus remained on people, pets and the planet.

We continued our commitment to our employees by increasing pay for our manufacturing staff, offered health fair screenings for all employees and continued to invest in physical health and injury prevention by employing a part-time physical therapist. We offered continuing education courses that focused on developing personal and professional leadership skills.

Keeping our values front and center, West Paw became Montana's first manufacturer to offer an apprenticeship program which resulted in a visit from Montana's Governor, Steve Bullock. In 2018, we are pleased to announce two young women completed the apprenticeship program in our injection molding division.

Reducing our materials waste output is front and center top of mind for everyone at West Paw. We recycled over 1,111 lbs of post-consumer plastic from our Zogoflex toys. The waste from the Zogoflex manufacturing process was only 0.12%, while the industry goal is between 2 - 20%! A huge win for all of us and the planet.

Lastly, we have partnered with the Trust for Public Land and funded an off-leash dog park to help protect the places people play. This dog park is just one of the ways we strive to bring joy to pets and the people who love them.

All in all, West Paw remains committed to our employee's well-being, our environmental work, the vibrant community we call home and the pets we lovingly make products for. As always, we continue to promote a world where business success is friendly to people and the planet.

Onward!

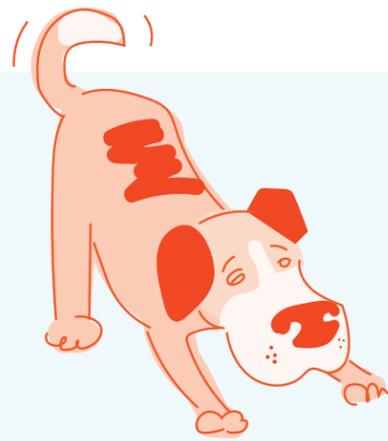
Spencer Williams, CEO, and President



Spencer Williams,
CEO and President

OUR VISION

WE ENVISION A WORLD
WHERE BUSINESS SUCCESS
IS FRIENDLY TO PEOPLE
AND THE PLANET.



What Makes Us a Better Company?

OUR PURPOSE

To humanize business by creating lasting connections with our people, communities, customers and their pets.

OUR PROMISE

To inspire joy in the lives of people and their pets, by designing and manufacturing high performing products with a conscience.

OUR CORE VALUES

Act with Integrity, Be Accountable, Be Tenacious, Be Friendly, Be Healthy, Continuous Improvement, & Create Value.



Impact Area Scores: **West Paw**

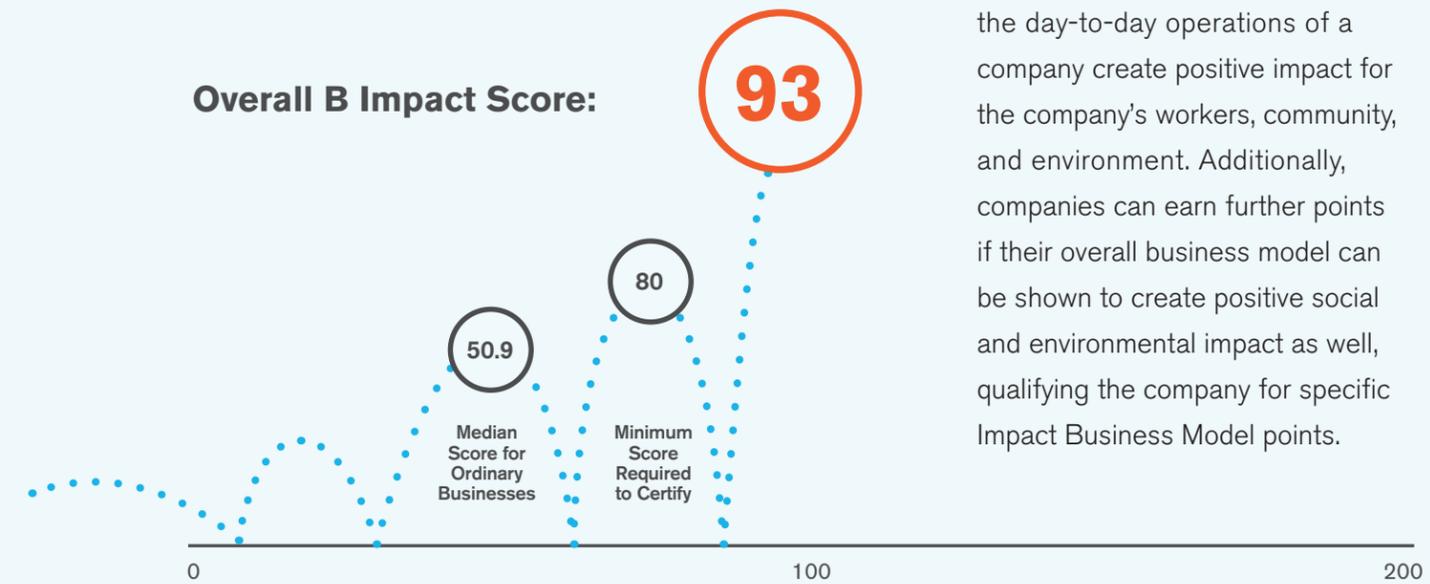
Governance	14.8
Workers	22.8
Customers	20.1
Environment	35.3

Scores for Certified B Corporations are verified by the non-profit B Lab.

To certify as a B Corp, a company must achieve a minimum verified score of 80 points on the B Impact Assessment. The B Impact Assessment asks questions about how the day-to-day operations of a company create positive impact for the company's workers, community, and environment. Additionally, companies can earn further points if their overall business model can be shown to create positive social and environmental impact as well, qualifying the company for specific Impact Business Model points.

Overall B Impact Score:

93



COMMUNITY

At West Paw, we are focused on protecting the Places Where We Play and Supporting the Community Where We Live. This is why West Paw pays employees (8 hours per year) to volunteer in the place we call home. In 2017 alone, half of our employees used 184 hours of paid volunteer time.



Supporting Where We Live:

We provided product donations to over **33 local** Montana organizations.

Donated over **100 pounds of Zogoflex** toy seconds to local animal shelters in Montana, including Pintler Pets, Rez Q and Stafford.

Shipped **212 Mats to Best Friends Animal Society** in Utah.

Another year of supporting **Run Dog Run, Working Dogs for Conservation, and Heart of the Valley Animal Shelter** through Give Big.

\$50,000 gift for the naming rights at West Paw Dog Park at the Story Mill Community Park.

Fix Up Festival 2018

9 West Paw Volunteers helped repair local home.

Thrive Block Party

5 Volunteers from West Paw came out to support Bozeman's kids.

Can the Griz - West Paw totals

2018: 270 lbs of food donated by employees to local food bank.

PAID volunteer hours

228.5 hours used in 2018

Protecting Where We Play:

Story Mill Community Park:

\$50,000

Donated to the Trust for Public Land to create the Story Mill Community Park, a flagship park for our home community of Bozeman, Montana. The park will protect and transform 60+ Acres into a unique city park. It'll include a 40 acre nature sanctuary and a one acre West Paw Off-leash Dog Park.

Anderson Dog Park: West Paw made final donation for the Shade Pavillon inside the Anderson Dog Park located in the Gallatin Regional Park.

WORKERS & GOVERNANCE

In 2018, West Paw voluntarily elected to participate in the B Lab's Inclusive Economy Challenge. This call-to-action for the B Corp Community increases our collective positive impact and moves toward an inclusive economy. **An inclusive economy is one that is equitable and creates opportunity for all people of all backgrounds and experiences to live with dignity, to support themselves and their families, and to help their communities thrive.** The B Corp Community's vision of a shared and durable prosperity is not possible without an inclusive economy.

- Income Advance Program/Financial Services for Employees - program was created in 2018 however we elected not to implement.
- Supplier Screen Topics - establish and put in place a formal Supplier screening process to be informed of their social and environmental practices and impacts.
- Improved environment score by 20 points.

Compensation:

- We spend roughly 33% of our revenue on wages and benefits
- Our employees receive flexible scheduling, benefits including dental, life and disability insurance offered to all workers. Gym membership discount, free counseling service, and short-term sabbaticals. Lowest starting wage is 53% over minimum wage.
- Montana minimum wage is \$8.50 and our entry level wage is \$13.00 per hour.

Worker Satisfaction and Health:

We allow flexible schedules so employees can take care of themselves and their families.

To ensure our employees are staying healthy, we have weight loss groups, Run/Walk weekly get-togethers, hourly stretch breaks, and free Physical Therapy consultations to prevent workplace injury.

- Health Fair / screening in July of 2018 (our first health screening with Interactive Health).
- Continuing PT & ergonomics consultations.
- More than 80% of employees surveyed said they are satisfied at their job.
- Injury prevention lunch & learns (2 in 2018) presented by a qualified physical therapist.

Continuing Education:

Since 2012, West Paw has invested in the Great Game of Business (GGoB) teachings. This is a financial literacy tool we use to keep our staff informed of West Paw financial information to engage and empower employees to be a part of our financial success.

HOW?

- Financial Literacy Lunch & Learns
- Team Scoreboards (new in 2018)
- Mini Games
- Financial Literacy Training Bites
- Two meeting per month
- Weekly forecasting (GGoB Management Team)

In 2018, we offered continuing education courses that focused on developing personal and professional leadership skills. West Paw offers our employees a minimum of 8 hours paid leadership training.

Apprenticeship Program

Apprenticeship program was recognized and signed into action in 2018. West Paw was the first manufacture in the state of Montana to have an apprenticeship program. In 2018, we also had a second employee who became a part of the apprenticeship program



ENVIRONMENT

We annually measure our energy usage, water usage, carbon emissions (green house gas emissions) and waste output. In 2018, these data were:

ENERGY USAGE

Total kilowatt usage = 459,804 kWh. Average kilowatt usage per unit manufactured = 0.304 kWh/unit.

Up 15% over 2017

Explanations for increase:

1,332,897 units produced in 2018; increase of 37,294 units produced (3%) over 2017

2018 facility expansion for West Paw, with additional electricity used related to construction (power tools, concrete heating blankets during winter (Montana), and additional heating needed when exterior wall was removed and new loading dock was added).

WATER USAGE

Total water used = 102,214 gallons, with a monthly average of 8,518 gallons.

Up 11% over 2017

Explanations for increase:

2018 facility parking lot expansion for West Paw required irrigation for establishment of vegetation after ground disturbance for surface water quality protection.

CARBON EMISSIONS:

Green House Gas (GHG) emissions for 2018 = 331 metric tons carbon dioxide.

WASTE OUTPUT:

Total waste disposed = 42.5 metric tons

Our change management process allows an open forum for all West Paw team members to submit ideas, no matter how large or small, to reduce our environmental impact. Simple ideas, such as alternating the way we cut the shapes of our toys to save 1/4" of fabric, or eliminating a paper-using process, can have a huge impact over the course of a year.

Planet Friendly Initiatives:

- In 2018, over 1,111 pounds of post-consumer Zogoflex® were recycled. Through our Join The Loop® recycling program West Paw has recycled over 7,725 pounds of post-consumer Zogoflex material back into our Zogoflex toys since 2014.
- To date, West Paw has kept over 15,359,554 plastic bottles out of landfills by turning them into the stuffing used in our beds and plush toys.
- West Paw has continued to reduce our paper use. Since implementation in late 2016, through our Scan-Verify system we have saved approximately 75,000 sheets of paper (over 975 pounds).
- In 2018, we spent \$630K with 87 MT Vendors. This includes vendors for all COGS and Business Expenses and excludes local donations. (lessening carbon footprint due to less transportation shipping)
- In addition, in 2018 we switched to an electronic HR system (Bamboo HR) which has reduced or eliminated paper use for the following: employee review system and goal setting, Paid-Time-Off (PTO) and schedule change requests, employee handbook, and employee benefits package information. For example, the Employee Center replaced paper time card sheets and corrections - saving at least 1,170 sheets (26 payroll cycles x 45 sheet/person) in 2018.

West Paw is a founding member of the Pet Sustainability Coalition:

As a founding member of the Pet Sustainability Coalition, we are key leaders in building a pet industry that is committed to implementing sustainable business practices that minimize our impact on the environment and the communities where we do business both in the United States and now in Europe. We believe sustainability is a critical component of any successful business strategy and are proud to say that we are taking steps towards a more sustainable future for our customers and the pets they love.

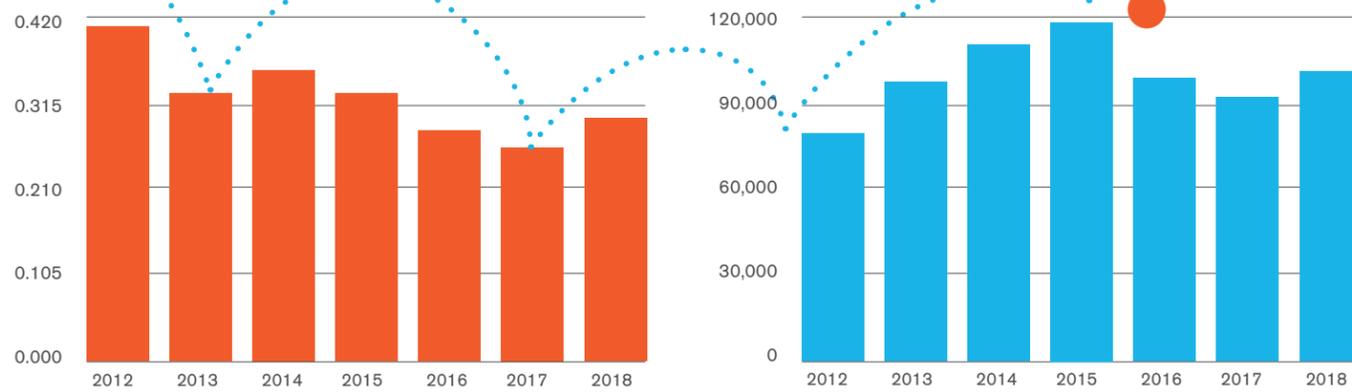


Looking forward to 2019:

We partnered with the Trust for Public Land to help build the Story Mill Community Park, a flagship park for our home community of Bozeman, Montana. The park will protect and transform 60+ Acres into a unique city park. It'll include a 40 Acre nature sanctuary and a one acre West Paw Off-leash Dog Park.

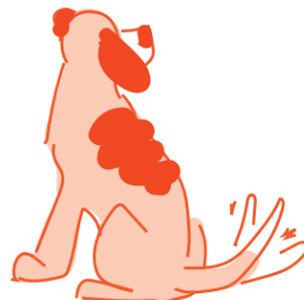
In 2019, West Paw is looking inward and focusing on the health and well being of our employees. We're launching a new wellness program because we know that a healthy company starts with healthy people.

We also hope to offer financial services for employees by establishing a low interest loan program for employees for emergency cash needs through our bank.



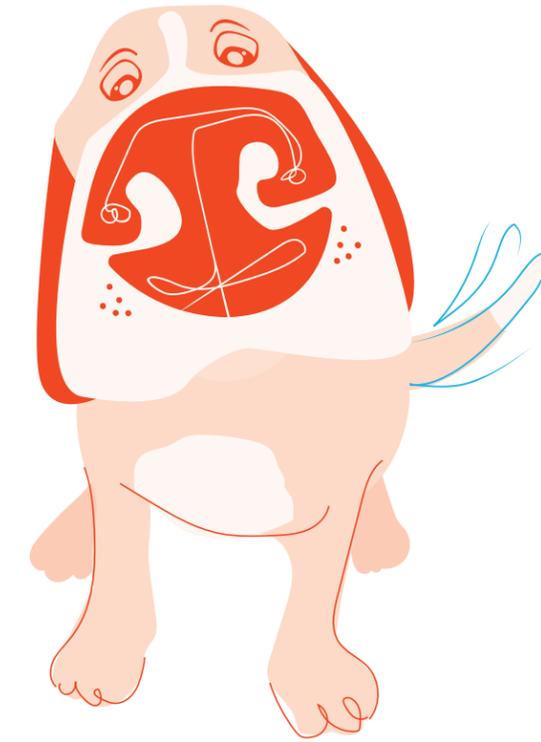
Average Energy Use (kWh) per Unit Produced

Average Water Use (gallon)



Impact Area Scores

GOVERNANCE	14.8
Mission & Engagement	0.9
Corporate Accountability	0.0
Ethics	1.1
Transparency	2.7
+ Mission Locked	10.0
WORKERS	22.8
Compensation & Wages	8.1
Benefits	5.5
Training & Education	1.6
Worker Ownership	1.6
Management & Workers Communication	2.2
Job Flexibility/Corporate Culture	2.2
Occupational Health & Safety	1.1
COMMUNITY	20.1
Job Creation	1.0
Diversity & Inclusion	3.5
Civic Engagement & Giving	6.0
Local Involvement	5.5
Supplier, Distributors & Product	4.0
ENVIRONMENT	35.3
Land, Office, Plant	6.0
Inputs	5.0
Outputs	4.2
Transportation, Distribution & Suppliers	5.4
Designed to Conserve Manufacturing Process	N/A
Environment Products & Services Introduction	N/A
Resource Conservation	11.0
To Reduction / Remediation	2.5
N/A	1.1



Thanks for Wagging along!

We look forward to another year of using our business as a force for good where we work towards creating a world where business success is friendly to people and the planet.

– Spencer Williams, CEO and President

West Paw™

Certified



Corporation

Certified B Corp
Since October 2015.

westpaw.com