

ENVIRONMENTALLY-PREFERABLE PURCHASING POLICY

1. Introduction

HF&H Consultants, LLC (HF&H) has drafted a policy to shape our purchasing decisions in a way that is more environmentally responsible. Due to the fact that both of the HF&H's offices are leased, there are several provisions included in this policy (e.g., landscaping methods, building renovations, etc.) that we have no control over. HF&H places most of its purchases through its administrative staff. Administrative staff will make its best effort to procure every product following the requirements set forth in this policy.

2. Statement of Policy

It is the policy of HF&H to:

- Institute practices that reduce waste by increasing product efficiency and effectiveness;
- Purchase products that minimize environmental impacts, toxics, pollution, and hazards to worker and community safety to the greatest extent practicable; and,
- Purchase products that include recycled content, are durable and long-lasting, conserve energy and water, use agricultural fibers and residues, reduce greenhouse gas emissions, use unbleached or chlorine-free manufacturing processes, are lead free and mercury free, and use wood from sustainably harvested forests.

3. Purpose of Policy

This Policy is adopted in order to:

- Conserve natural resources;
- Reduce materials that are landfilled;
- Support strong recycling markets;
- Minimize environmental impacts such as pollution and over-use of water and energy;
- Eliminate or reduce toxics that create hazards to workers and our community;
- Increase the use and availability of environmentally-preferable products that protect the environment;
- Identify environmentally-preferable products and distribution systems;
- Reward manufacturers and vendors that reduce environmental impacts in their production and distribution systems or services; and,
- Comply with the requirements of the Bay Area Green Business Program, which certified HF&H as a Bay Area Green Business in January 2009.

ENVIRONMENTALLY-PREFERABLE PURCHASING POLICY

4. Policy Specifications

4.1. Source Reduction

HF&H shall institute practices that reduce waste and result in the purchase of fewer products whenever practical and cost effective, but without reducing safety or workplace quality.

HF&H shall use any product and all equipment until it at the end of its useful life.

HF&H shall purchase remanufactured products such as toner cartridges, furniture, and equipment as commercially available without reducing safety, quality, or effectiveness. The Company shall give preference to repairing broken and/or damaged furniture and equipment rather than replacing it, but shall not pay more than 25% of the potential replaced cost to repair the broken and/or damaged item. Where practical, HF&H will make use of used furniture stores such as thrift stores or consignment shops.

HF&H shall require all equipment bought after the adoption of this policy to be compatible with source reduction goals as referred to in this section, when practical.

HF&H shall consider short-term and long-term costs in comparing product alternatives, when feasible. This includes the evaluation of total costs expected during the time a product is owned including, but not limited to, acquisition, extended warranties, operation, supplies, maintenance, disposal costs, and expected lifetime compared to other alternatives.

HF&H will give preference to products that are made to be durable, long lasting, reusable and/or refillable whenever available and feasible.

HF&H requests vendors to eliminate packaging or use the minimum amount necessary for product protection, to the greatest extent practical.

HF&H shall encourage suppliers to utilize packaging that is reusable, recyclable, or compostable.

HF&H will give preference to suppliers of electronic equipment (including, but not limited to, computers, monitors, printers, and copiers) that have take-back programs for reuse or environmentally safe recycling when HF&H discards or replaces such equipment, whenever possible.

HF&H shall consider provisions in contracts with suppliers of non-electronic equipment that require suppliers to take back equipment for reuse or environmentally safe recycling when HF&H discards or replaces such equipment, whenever practical.

HF&H will support all documents being printed and copied on both sides to reduce the use and purchase of paper, whenever practical.

4.2. Recycled Content Products

All products for which the United States Environmental Protection Agency (U.S. EPA) has established minimum recycled content standard guidelines in the Agency's Comprehensive Procurement Guidelines,

ENVIRONMENTALLY-PREFERABLE PURCHASING POLICY

such as those for printing paper, office paper, miscellaneous, and non-paper office products, shall contain the highest postconsumer content practicable, but no less than the minimum recycled content standards established by the U.S. EPA Guidelines.

Copiers and printers purchased or leased shall be compatible with the use of recycled content and remanufactured products as available.

All pre-printed recycled content papers intended for distribution that are purchased or produced shall contain a statement that the paper is recycled content. Whenever feasible, the statement should indicate the percentage of postconsumer recycled content it contains.

4.3. Energy and Water Savings

All products purchased by HF&H and for which the U. S. EPA Energy Star certification is available shall meet Energy Star certification, when practicable. When Energy Star labels are not available, HF&H shall choose energy-efficient products that are in the upper 25% of energy efficiency as designated by the Federal Energy Management Program.

HF&H encourages water conservation by all employees and has posted signage at each sink asking people to conserve water.

4.4. Green Building

All building and renovations directly undertaken by HF&H shall follow Green Building Practices for design, construction, and operation, where appropriate, as described in the LEED™ Rating System.

4.5. Landscaping

Indoor plants should be selected to minimize waste by choosing species for purchase that are appropriate to the microclimate, species that can grow to their natural size in the space allotted them, and perennials rather than annuals for color. Native and drought-tolerant plants are preferred.

4.6. Toxics and Pollution

To the extent practicable, HF&H shall purchase industrial and institutional cleaning products that meet Green Seal certification standards for environmental preference and performance.

All surfactants and detergents shall be readily biodegradable and, where practicable, shall not contain phosphates.

HF&H shall reduce or eliminate its use of products that contribute to the formation of dioxins and furans. This includes, but is not limited to:

- Purchasing paper and paper products that are unbleached or that are processed without chlorine or chlorine derivatives; and,
- Prohibiting purchase of products that use polyvinyl chloride (PVC) such as, but not limited to, office binders, furniture, flooring, and medical supplies whenever practicable.

ENVIRONMENTALLY-PREFERABLE PURCHASING POLICY

HF&H shall purchase products and equipment with no lead or mercury whenever possible. For products that contain lead or mercury, HF&H shall give preference to those products with lower quantities of these metals and to vendors with established lead and mercury recovery programs.

HF&H shall specify that desktop computers, notebooks and monitors purchased meet, at a minimum, all Electronic Product Environmental Assessment Tool (EPEAT) environmental criteria designated as “required” as contained in the IEEE 1680 Standard for the Environmental Assessment of Personal Computer Products, whenever practicable. All such equipment shall be certified by EPEAT as having met the Silver criteria or better.

4.7. Forest Conservation

To the greatest extent practicable, HF&H shall not procure wood products such as lumber and paper that originate from forests harvested in an environmentally unsustainable manner. When possible, HF&H shall give preference to wood products that are certified to be sustainably harvested by a comprehensive, performance-based certification system. The certification system shall include independent third-party audits, with standards equivalent to, or stricter than, those of the Forest Stewardship Council certification.

HF&H encourages the purchase or use of previously used or salvaged wood and wood products whenever practicable.

5. Priorities

HF&H has invested in successful recycling systems for 20 million+ Californians and must “walk the talk”. The Company recognizes that recycled content products are essential to the continuing viability of that recycling system and for the foundation of an environmentally-sound production system. Therefore, to the greatest extent practicable, recycled content shall be included in products that also meet other specifications, such as chlorine free.

The health and safety of employees is of utmost importance and takes precedence over all other policies.

Nothing contained in this policy shall be construed as requiring a department, purchaser, or contractor to procure products that do not perform adequately for their intended use, exclude adequate competition, or are not available at a reasonable price in a reasonable period of time.

The price of the products defined herein as environmentally preferable shall not exceed a cost of 30% above the cost of an identical or similar non-conventional item.

Vendors shall be chosen based on the quality of their products, the percentage of products that are made with recycled products, and/or the distance the product has travelled to reach HF&H’s office or intended destination.

Nothing contained in this policy shall be construed as requiring HF&H or its contractor to take any action that conflicts with local, state, or federal requirements.

ENVIRONMENTALLY-PREFERABLE PURCHASING POLICY

6. Implementation

The President of HF&H shall implement this policy in coordination with other appropriate HF&H personnel.

Vendors, contractors, and grantees shall be encouraged to comply with applicable sections of this policy for products and services provided to HF&H, where practicable.

7. Program Evaluation

HF&H shall periodically evaluate the success of this policy's implementation.

8. Definitions

"Bay Area Green Business Program" is a partnership of governments and businesses that certifies the environmental performance of government agencies and businesses.

"Buyer" means anyone authorized to purchase or contract for purchases on behalf of HF&H or its subdivisions.

"Chlorine free" means products processed without chlorine or chlorine derivatives.

"Contractor" means any person, group of persons, business, consultant, designing architect, association, partnership, corporation, supplier, vendor or other entity that has a contract with HF&H or serves in a subcontracting capacity with an entity having a contract with HF&H for the provision of goods or services.

"Dioxins and furans" are a group of chemical compounds that are classified as persistent, bioaccumulative, and toxic by the U.S. Environmental Protection Agency (EPA).

"Energy Star" means the U.S. EPA's energy efficiency product labeling program.

"Energy Efficient Product" means a product that is in the upper 25% of energy efficiency for all similar products, or that is at least 10% more efficient than the minimum level that meets Federal standards.

"Electronic Product Environmental Assessment Tool" (EPEAT) is a procurement tool to help institutional purchasers in the public and private sectors evaluate, compare, and select desktop computers, notebooks, and monitors based on their environmental attributes.

"Federal Energy Management Program" is a program of the Department of Energy that issues a series of product energy efficiency recommendations that identify recommended efficiency levels for energy-using products.

"Forest Stewardship Council" means the global organization that certifies responsible, on-the-ground forest management according to rigorous standards developed by a broad variety of stakeholder groups.

ENVIRONMENTALLY-PREFERABLE PURCHASING POLICY

“Green Building Practices” means a whole-systems approach to the design, construction, and operation of buildings and structures that helps mitigate the environmental, economic, and social impacts of construction, demolition, and renovation. Green Building Practices such as those described in the LEED™ Rating System, recognize the relationship between natural and built environments and seeks to minimize the use of energy, water, and other natural resources and provide a healthy productive environment.

“Green Seal” is an independent, non-profit environmental labeling organization. Green Seal standards for products and services meet the U.S. EPA’s criteria for third-party certifiers. The Green Seal is a registered certification mark that may appear only on certified products.

“LEED™ Rating System” means the most recent version of the Leadership in Energy and Environmental Design (LEED™) Commercial Green Building Rating System, or other related LEED™ Rating System, approved by the U.S. Green Building Council and designed for rating new and existing commercial, institutional, and high-rise residential buildings.

“Postconsumer Material” means a finished material which would normally be disposed of as a solid waste, having reached its intended end-use and completed its life cycle as a consumer item, and does not include manufacturing or converting wastes.

“Practical” and “Practicable” mean whenever possible and compatible with local, state and federal law, without reducing safety, quality, or effectiveness and where the product or service is available at a reasonable cost in a reasonable period of time.

“Preconsumer Material” means material or by-products generated after manufacture of a product is completed but before the product reaches the end-use consumer. Preconsumer material does not include mill and manufacturing trim, scrap, or broke, which is generated at a manufacturing site and commonly reused on-site in the same or another manufacturing process.

“Recovered Material” means fragments of products or finished products of a manufacturing process that has converted a resource into a commodity of real economic value, and includes preconsumer and postconsumer material, but does not include excess resources of the manufacturing process.

“Recycled Content” means the percentage of recovered material, including preconsumer and postconsumer materials, contained in a product.

“Recycled Content Standard” means the minimum level of recovered material and/or postconsumer material necessary for products to qualify as “recycled products.”

“Recycled Product” means a product that meets HF&H’s recycled content policy objectives for postconsumer and recovered material.

“Remanufactured Product” means any product diverted from the supply of discarded materials by refurbishing and marketing said product without substantial change to its original form.

ENVIRONMENTALLY-PREFERABLE PURCHASING POLICY

“Reused Product” means any product designed to be used many times for the same or other purposes without additional processing except for specific requirements such as cleaning, painting, or minor repairs.

“Source Reduction” refers to products that result in a net reduction in the generation of waste compared to their previous or alternate version and includes durable, reusable and remanufactured products; products with no, or reduced, toxic constituents; and products marketed with no, or reduced, packaging.

“U.S. EPA Guidelines” means the Comprehensive Procurement Guidelines established by the U.S. Environmental Protection Agency for federal agency purchases as of May 2002 and any subsequent versions adopted.

“Water-Saving Products” are those that are in the upper 25% of water conservation for all similar products, or at least 10% more water-conserving than the minimum level that meets the Federal standards.

9. Exemption to Policies

Exemptions to this policy will be made if: a product is not commercially available at the time of purchase; the price of the environmentally-preferable item exceeds the 30% threshold; or negatively impacts business.

10. Grandfather Clause

All equipment and materials purchased prior to the effective date here will not be subject to the requirements set forth in this policy. The Company will continue to use these products until they reach the end of their useful life.

11. Effective Dates

This policy shall take effect on January 1, 2009.