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Social Responsibility Report - 2018

Sauder Manufacturing Company, a maker of contract furniture for the Healthcare, University, Human Services and Worship markets, recognizes that with our many and various endeavors we have an immediate and visible impact on communities both locally and nationally. We also acknowledge that, at the same time, we are a member of the global community and that all of our activities, even if in the very smallest of ways, exert influences felt round the world. In recognition, therefore, of our “global citizenship” it is Sauder’s commitment that all our activities contribute to the good of all who share in the blessings and challenges of this planet.

This report covers Sauder Manufacturing Company’s Social Responsibility efforts for the year 2018 — efforts that include not only immediate conditions over which SMC has control, but remote conditions which SMC attempts to influence. SMC’s goals, measurements and achievements that are captured in this document relate to:

1. Employee Health and Safety Management
2. Labor and Human Rights Management
3. Inclusiveness
4. Community Outreach and Involvement
5. Environmental Initiatives
6. Global Impact

1. Employee Health and Safety Management

SMC is dedicated to achieving and maintaining a safe and healthy work environment for all of our employees, as well as for the employees of all those companies with whom SMC conducts business. Sauder is committed to the prevention of occupational illness and injury, and toward that end a comprehensive safety system is established, supported, maintained and integrated in our company core values. Safety is an essential and integral part of Sauder’s normal operating practices each day. The safety of all employees is the responsibility of every employee.

SMC conforms to the standards for employee safety set forth by OSHA (Occupational Health and Safety Act) as well as requirements set forth by the EPA (Environmental Protection Agency) and our Title V air permits. SMC complies with the National Emission Standards for Hazardous Air Pollution (NESHAP) for Wood Furniture Manufacturing Operations.

SMC has an employee-led safety system, with 22 employee-led safety teams currently in operation. These safety teams drive safety efforts at each plant location through awareness activities, behavior-based safety, audits and policy reviews. It is the expectation that all employees will be actively involved in the safety system and be their brother's keeper.

Measuring Health and Safety

SMC measures and investigates the following types of safety incidents to find the root cause:

- Property damage Incidents
- Near Miss Incidents
- First Aid Incidents
- OSHA Recordable Incidents
- Lost Time Incidents

SMC is on a "Journey to Zero". Sauder's goal is to have every employee return home to their loved ones, injury free, at the end of each day.

2018 results:

Sauder encourages the reporting of even the most minor incident. A near miss is seen as a positive, since we are able to investigate a close call and prevent an injury before it occurs. In 2018 SMC, for all four active manufacturing facilities, had **550 near miss incidents** reported and corrected.

Even the most minor injury, such as a scratch, should be reported. In 2018 **158 first aid incidents** occurred. These, also, are most often minor such as a splinter or a scrape, but each incident is investigated and prevention measures are put into place.

Sauder takes OSHA recordable incidents and lost time incidents to heart. When any one of our employees goes home injured we have all failed. In 2018 Sauder had **26 OSHA recordable incidents** and **5 lost time**.

2. Labor and Human Rights Management

It is the policy of Sauder Manufacturing Co. to provide equal employment opportunities without regard to race, religion, color, age, gender (including pregnancy), marital status, national origin, genetic information, disability and veteran or military status. This policy relates to all phases of employment, including, but not limited to, recruiting, employment, placement, upgrading, demotion or transfer, reduction of work force and termination, rates of pay or other form of compensation, selection for training, the use of all facilities, and participation in all Company-sponsored employee activities. Provisions in applicable laws providing for bona fide occupational qualifications, business necessity, or age limitations are adhered to by the Company where appropriate.

As part of the Company's equal employment opportunity policy, the Company also takes affirmative action as called for by applicable laws and Executive Orders to ensure that minority group individuals,

females, veterans, disabled veterans, and qualified disabled persons are introduced into our work force and considered as promotional opportunities arise.

Employees and applicants are not subjected to harassment or intimidation because they have: (1) filed a complaint; (2) assisted or participated in an investigation, compliance review, hearing or any other activity related to the administration of any federal, state, or local law requiring equal employment opportunity; (3) opposed any act or practice made unlawful by any federal, state, or local law requiring equal opportunity; or (4) exercised any other legal right protected by federal, state, or local law requiring equal opportunity.

The above-mentioned policies are periodically brought to the attention of supervisors and are administered with a positive attitude. It is the responsibility of each supervisor of the Company to ensure affirmative implementation of these policies to avoid any discrimination in employment. All employees are expected to recognize these policies and cooperate with their implementation. Violation of these policies is a disciplinary offense.

For the year 2018 SMC had zero Human Rights violations.

3. Inclusiveness

SMC affirms the importance of inclusiveness – that all individuals have the right to be treated with respect in the workplace. SMC is committed to providing a work environment in which all individuals are treated with respect and dignity, and in a manner that supports productivity, personal goals and self-esteem.

SMC does not tolerate or condone discrimination in the workplace on the basis of race, religion, color, age, gender (including pregnancy), marital status, national origin, genetic information, disability and veteran or military status or any other characteristic protected by law.

SMC's cultural composition — encompassing facilities in Archbold, OH; Stryker OH; New Haven, IN; Richmond, VA; and Chase City, VA — as of February 26, 2019 is as follows.

Male Black	Male Hispanic	Male Indian	Male Asian	Male White	Female Black	Female Hispanic	Female Indian	Female Asian	Female White
3.2%	3.8%	0.2%	0.9%	49.5%	2.1%	2.7%	0.0%	2.1%	35.5%

4. Community Outreach

Sauder MFG believes that being a contributing member of one's community is an important part of social responsibility. The efforts listed below are just a few of a great many small ways that Sauder attempts to positively impact our local neighborhoods.

A. Junior Fair – The Ohio State University

1. Fulton County Jr. Fair Livestock Sale
2. September 6, 2018
3. Fulton County Fair
PO Box 216
Archbold, OH 43502
419-446-2501
4. Brenda Tolles, HR Director, attended the auction on behalf of Sauder MFG.
5. Purchases were made from 4H participants totaling \$2,800.

B. Junior Historian Program – Gold Sponsor

1. “Tee It Up for Education,” Golf Tournament Fundraiser
2. June 2, 2018
3. Sauder Village Open
Archbold, OH
4. 10 Sauder Employees (2 teams of 5)
 - Adam Ridgway
 - Bill Goodlive
 - Brent Shipley
 - Roy Colon
 - Brent Miller
 - Josh Storrer
 - Leonard Becher
 - Rod Rodriguez
 - Robert Cuellar
 - Kyle Ruffer
5. Two Team Registration Fees for \$500, and a donation of \$1,000, for a total of \$1,500 enabling local students (ages 12-16) to experience the historical enactments and exhibitions at Sauder Village.

C. VORP (Victim Offender Reconciliation Program) Fund-Raiser

1. Shalom Counseling & Mediation Center
22251 State Route 2
Archbold, OH 43502
2. May 19, 2018
3. Suburban Golf Course
9358 State Route 15
Bryan, OH
4. One Team of 4 Sauder Employees
 - Augustine Gonzales
 - Brent Steele
 - Tim Figgins
 - Leonard Becher
5. A Gold Level Sponsor provides 5 sessions for an individual or family needing financial assistance for counseling. Sauder’s donation totaled \$356.

D. Black Swamp Arts Council

1. Toledo Symphony
2. Thursday, March 8, 2018, 7:30 PM
3. Sauder Village

Archbold, OH 43502

4. Purchased Eight (8) Patron Seating Tickets to bring Toledo Symphony to Archbold, OH.
 - Phil Bontrager & Wife
 - Brad Roth & Wife
 - Rebecca Berger & Husband
 - Nate Baer & Wife
5. A total of \$445 toward community services that include:
 - For every Patron Seating Ticket purchased a ticket is provided free-of-charge to a local student.

5. Environmental Initiatives

- Environmental initiatives are, by definition, global in their scope. By conserving energy, decreasing the careless use of water, controlling the amount of solid waste generated and reducing the amount of hazardous chemicals used and disposed Sauder is contributing toward the health of our **Global** environment by being good stewards of our **Local** environments.
- For the vast majority of its products for the year 2018, Sauder MFG has achieved the status of Level 1[®], BIFMA's sustainability certification program for furniture. Level is not merely a means by which indoor air quality is assured, but a measure of the degree to which products are manufactured utilizing sustainable practices including energy usage, material selection, renewable strategies and recycling initiatives. BIFMA International is the recognized leader in developing standards for the North American office and institutional furniture industry.
- Sauder MFG employs a customized Environmental Management System to minimize the impact our manufacturing efforts have on the environment. This system includes:
 - The establishment and regular review of Sauder's Sustainability Policy, which is available on the [Sauder Website](#).
 - The annual assessment of critical environmental aspects:
 - Energy Usage — Due to plant relocation, with the new factory being 4-times larger than previous location and in need of planned energy conservation measures, energy efficiency in 2018 dropped 15% overall.
 - Water Usage — Process water in 2018 was reduced by 32.16% when compared to the baseline year.
 - Solid Waste Disposal — 49.93% of all solid waste generated was recycled in 2018.
 - Use, Reduction and Disposal of Hazardous Chemicals — there was an increase in the disposal of Hazardous Waste Chemicals in 2018 due to a one-time "episodic event" in which one facility was completely reworked.
 - A review of conformance to all Local, State and National Environmental requirements and regulations.
 - An annual review of goals to reduce Sauder's environmental impact, coupled with the implementation of action items to accomplish those objectives.

6. Global Impact

Sauder MFG has made it a priority not only to have a positive impact on a local, state and national level, but to positively contribute as a member of the global community. Toward that end:

- Sauder purchases raw materials and finished products from Second and Third World sources paying for those items fair prices representing livable wages.
- Sauder requires of those Global sources the same commitment to sound ethical practices as it does from any local source.
- Sauder requires all Global Suppliers with whom we conduct business to sign and comply with a Supplier Agreement, and reserves the right to terminate its business relationship with any supplier who is unwilling or unable to comply with any portion of it.
- Specifically, Sauder MFG's Global Supplier Agreement addresses:
 - Health and Safety
 - Global Suppliers must provide workers a safe, clean and healthy work environment in compliance with all legally mandated standards for countries in which they operate. This includes any residential facilities a Global Supplier provides to its workers.
 - Child Labor
 - Global Suppliers must comply with local laws regarding the minimum age of employees and it must be consistent with the International Labor Organization guidelines.
 - Human Trafficking, Forced Labor and Harassment
 - Global Suppliers must treat all workers with respect and dignity. Human trafficking, forced, debt bonded, indentured and slave labor are unacceptable. No worker shall be subject to corporal punishment, physical, sexual, psychological or verbal harassment or abuse. In addition, Global Suppliers will not use monetary fines as a disciplinary practice.
 - Wage and Benefits
 - Global Suppliers must pay workers at least the minimum compensation, including overtime premiums, required by local law and provide all legally mandated benefits. Global Suppliers must provide accident insurance to their workers for work-related accidents and compensation for work-related accidents resulting in permanent disability. In addition, except in extraordinary business circumstances, workers shall not be required to work more hours than allowed by the law of the country of manufacture.
 - Nondiscrimination
 - Global Suppliers must ensure that employment and hiring practices, payments, benefits, advancement, termination and retirement are based on ability and not on personal characteristics such as race, religion, age, nationality, social or ethnic origin, sexual orientation, gender, gender identity, marital status, political

affiliation, disability or any other status or characteristic that is not related to the individual's merit or the inherent requirements of the job.

- Laws and Regulations
 - Global Suppliers and sub-suppliers must be in full operational and product compliance of the countries in which they operate including all local environmental laws applicable to the workplace, the products produced and the methods of manufacture. Additionally, Global Suppliers must use materials in an environmentally responsible manner.
- Corruption
 - Working on adding this element to the Agreement.
- Bribery
 - Working on adding this element to the Agreement.