



Energy and Environmental Policy

BIFMA Level, Section 6.1, 6.5.2, 7.1.1, 7.1.2

Related Credits: 6.5.1 Energy Management System, 6.5.2 Environmental Management System

Policy on Managing and Conserving Energy as well as Reducing Greenhouse Gas Emissions

- A. **Energy Efficiency** – Indiana Furniture, as a small to medium sized wood furniture manufacturer, will continue to monitor, control and minimize energy uses in every plant and in every process. We will seek to continuously reduce our requirements for energy in each processes and facility.

Rationale: Indiana Furniture has continuously grown over the 105 years of our existence. We have always wisely used the most cost effective energy available, in order to remain cost competitive in order to manufacture and sell the greatest amounts of products. From the wood-fired boilers utilizing our own waste scraps to heat the plant and drive the machinery, to coal for more efficient fuel sources, to today's natural gas for the cleanest, most abundant and cost effective fuel, we have ALWAYS sought to keep our energy demand (costs) at a minimum.

While we use the lowest cost and most efficient fuels in our plants, we continuously seek ways of conserving energy (reducing our fuel costs). We have policies on what the outdoor temperatures must be to start the boilers in the Fall and turn them off in the Spring. We have policies on when windows may be opened in the plants for ventilation versus wasting heat. We have policies on heating temperatures in the plants and offices, to conserve energy as well as reduce "thermostat wars" among employees. We have policies on when fans can be run for ventilation versus wasting energy and disturbing neighboring employees. These policies are primarily focused on reducing fuel costs, energy requirements, as well as helping boost employee morale. These policies are published in Employee Handbooks owned by each employee and carefully reviewed with each new-hire to assure full and common understanding of Indiana Furniture's policies, goals and strategies.

We realize that wood manufacturing utilizes a fraction of the energy of forming of metal products, yet we continually seek techniques and process controls to reduce our energy costs. We monitor the electricity, natural gas and water usages of each individual plant by our Process Engineering Department to be able to catch any deviations in seasonal normal usages. Utility bills are monitored by our Board of Directors, top management and middle management employees on a monthly basis as a portion of an incentive bonus program based on increasing profits by reducing costs, including energy costs.

We manufacture wood products in 4 different facilities so that plant operations can be controlled according to customer demand. We adjust work days of operation to the demand for our products and idle those facilities, to conserve energy (and labor) when demand is below full levels.

Indiana Furniture has always been a technology leader in order to gain competitive cost advantages over our competition. We have changed all plant lighting to energy efficient T8 fluorescent fixtures in 2006, to reduce energy usage. As newer technology becomes more affordable, additional energy reductions are implemented, like replacing some of these fluorescent fixtures with LED to further drive down the energy consumption.

We installed halogen oven finishing curing systems in 2 plants to reduce our energy for these processes by 45%.

We were one of the first office furniture manufacturers to install a UV (ultra-violet) curing finishing system over ten (10) years ago, to offer superior quality finishes, low VOC emissions in our plants, and less in the customer's work place, as well as using less energy.

Today, Indiana Furniture subscribes to wind-powered energy for some of our energy requirements. While this energy costs more money (a violation of our long-term sustainability plan be competitive in costs), we know that supporting alternative green energy sources will help these alternate power generators become more efficient energy producer, while reducing the impact of greenhouse gas production on the global climate.

As part of our Lean (SMART MANUFACTURING) Kaizen efforts, we assess nearly every production and office administrative process on a regular basis. While focusing on reducing wasted efforts, steps, inventory, and increases in safety, we also look for methods of reducing energy usage. Lights are moved to more relevant locations, some lights on idle equipment may be removed and smaller, more visual workplaces are designed. In some cases, additional lighting may be needed, but all lighting since 2006 has been T8 energy efficient lighting as noted above.

B. Compliance with Regulations – Indiana Furniture shall keep abreast of all local, state and Federal regulations, laws and directives to assure the maximum safety of our employees, minimal creation of hazardous wastes and air pollutants including greenhouse gasses.

Rationale: As a technology leader, Indiana Furniture is continuously upgrading our manufacturing processes and facilities. With the expansion or changes to processes or facilities, all local, state and Federal regulations are reviewed, permits sought from the appropriate agencies and counsel sought from those agencies to assure meeting or exceeding all appropriate regulations. We adhere to total transparency with all regulatory agencies.

In addition to meeting regulations, Indiana Furniture has on-going relationships with most regulatory agencies to seek continuous improvements in safety, air and water discharges and methods of reducing energy demand, including spikes.

C. Cradle- to – Cradle Energy Reduction – Indiana Furniture will work with our suppliers to seek processes to minimize energy and pollutants in each process from the standing tree to the primary sawing or veneering processes, transportation processes between suppliers, through our processes in our multiple plants, and transportation to our local dealer customers and finally to their final customers and end users.

Rationale: As Indiana Furniture sources our lumber, veneer, particleboard and other raw materials, we shall work with the complete supply chain from harvesting the trees in the woods, to sawmilling, lumber dimension cutting, veneer slicing, particleboard chipping and pressing, including transportation between each supplier, to assure that each supplier has an energy management plan and strategies and goals to reduce energy requirements.

Supplier visits, audits, monitoring and purchasing negotiations will focus in part on controlling costs by reducing energy requirements, transportation regulations, as well as other appropriate regulations.

- D. **Greenhouse Gas Reductions** – Indiana Furniture will establish baselines, plans and strategies for the continuous reduction of greenhouse gas emissions such as Carbon Dioxide (CO₂), Methane (CH₄), Nitrous Oxide (N₂O), Hydrofluorocarbons (HFCs), Perfluorocarbons (PFCs) and Sulfur Hexafluoride (SF₆), within our processes (gate-to-gate) as well as throughout our supplier chain and distribution networks (cradle-to-cradle).

Rationale: To contribute our share to protect the sustainability of the local and global atmospheres and climates, Indiana Furniture will monitor all process inputs and outputs as well as chemicals used in production and maintenance processes. Where Greenhouse Gas emissions are detected, we shall seek alternative chemicals and/or minimizing uses of GHG chemicals to reduce damage to our atmosphere.

- E. **Review and Monitor** – Indiana Furniture will review and monitor our energy usage on a 6 month cycle. This information will be reviewed by Senior Management Staff. The accumulated data will then be sent out quarterly to the plant managers to look over for any anomalies in energy consumption, should they occur. Additional information can be found in the Energy Management System. The previous year will be used as a baseline to the current year, to measure the reductions/increases to any energy source and will serve as a discussion point to drive improvements and changes. These comparisons are drawn from the summary spreadsheets that are generated from production figures and used to as the itinerary for the Energy Management Review meetings.

Policy on Managing all Environmental Aspects (Waste, Air and Storm Water) and their related Concerns and Impacts

We are committed to providing a quality product in a manner that ensures a safe and healthy workplace for our employees and minimizes our potential impact on the environment. We will operate in compliance with all relevant local, state and federal environmental legislation and we will strive to use pollution prevention and environmental best practices in all we do.

We will:

- A.** Integrate the consideration of environmental concerns and impacts into all of our decision making and activities,
- B.** Promote environmental awareness among our employees and encourage them to work in an environmentally responsible manner,
- C.** Train, educate and inform our employees about environmental issues that may affect their work. This would include RCRA and DOT compliance for key employees, yearly Hazcom training for all maintenance, key finish employees, supervisors and plant managers.
- D.** Reduce waste through re-use and recycling and by purchasing recycled, recyclable or re-furnished products and materials where these alternatives are available, economical and suitable,
- E.** Promote efficient use of materials and resources throughout our facility including water, electricity, raw materials and other resources, particularly those that are non-renewable,
- F.** Avoid unnecessary use of hazardous materials and products, seek substitutions when feasible, and take all reasonable steps to protect human health and the environment when such materials must be used, stored and disposed of.
- G.** Purchase and use environmentally responsible products accordingly,
- H.** Develop and maintain appropriate emergency and spill response programs, where required by legislation or where significant health, safety or environmental hazards exist,
- I.** Communicate our environmental commitment to clients, customers and the public and encourage them to support it,
- J.** Be committed to reducing all waste, especially hazardous waste per our Hazardous Waste Reduction Plan
- K.** Continuously review product life cycle through a new product development analysis checklist,
- L.** Strive to continuously improve our environmental performance and minimize the social impact and damage of activities by periodically reviewing our environmental policy in light of our current and planned future activities.
- M.** Continue to monitor and review our efforts within the Environmental Management System with senior staff on a yearly basis.