

Sauder Woodworking Co.

2018 Sustainability Report

Sauder Woodworking's 84 year history spans more than three generations. And while a lot has changed since Sauder was founded in 1934, there are some things that have remained rock steady. The values of servanthood and stewardship continue to guide our mission to "create better ways, to offer better value, for better living." Sauder is proud of our history and heritage of environmental stewardship and is excited about the future. We hope you enjoy our 2018 Sustainability Report.

- Sustainability Leadership Team

Sauder Environmental Sustainability Policy

Sauder Woodworking was founded in 1934 on the principles of stewardship and servanthood. Today, three generations later, Sauder continues to honor these principles by producing environmentally responsible products in ways that conserve our world today and preserve it for the future generations.

Sauder uses highly sustainable natural resources in our products, and we protect the environment through efficient operational strategies. Ongoing performance is evaluated with unbiased metrics, and our continuous improvement initiatives focus on the key areas that impact the environment and influence our long-term corporate stewardship.

We are committed to conducting our operations in accordance with all applicable laws and regulations, and to engaging with industry and public stakeholders to develop responsible standards and voluntary initiatives that support this sustainability policy. Sauder is committed to sharing its sustainability performance and management practices to promote transparency and adoption of best practices for environmental stewardship.

We expect our suppliers to adhere to the applicable social and environmental laws of the countries, regions, and cities in which they operate. Furthermore, we encourage our suppliers to surpass baseline requirements and, where possible, to reduce the environmental impact of their operations.

Sauder's Sustainability Leadership Team will guide our environmental sustainability improvement efforts and provide regular progress reports to the Chief Executive Officer and Board of Directors. We encourage all Sauder employees to share the responsibility for advancing our environmental sustainability.

By conducting our business in this manner, we align our long-term success with the earth's ecological well-being and create enduring benefits for our shareholders, customers, suppliers, employees, and the communities in which we live and work.



Kevin J. Sauder
President & CEO

2018 Sustainability Leadership Team



(Mike Zimmerman, Richard Nyce, Tracy Metzger, Mike Miller, Garrett Tinsman, Jeff Weber, & Mark Ryan)

Sauder Woodworking Sustainability Journey



Solid Waste and Recycling

Sauder's reliance on forest resources, together with our ingrained value of stewardship, have made Sauder a leader in the reduction, re-use, and recycling of solid waste. What started as instinctive frugality has grown into intentional efforts that include selecting environmentally responsible materials, fully utilizing wood waste, employing energy efficient processes, and managing extensive recycling programs.

Environmentally Responsible Materials:

Particleboard and Medium Density Fiberboard (MDF) are the core of Sauder furniture. By utilizing up to 95% of the forest resource, these composite panels are the most responsible use of the forest resource and are far more environmentally friendly than other materials such as steel, glass, aluminum, or concrete. Sauder purposefully seeks materials with high recycled content and has taken proactive steps to eliminate PVCs, VOCs, and other hazardous chemicals from production and maintenance materials.

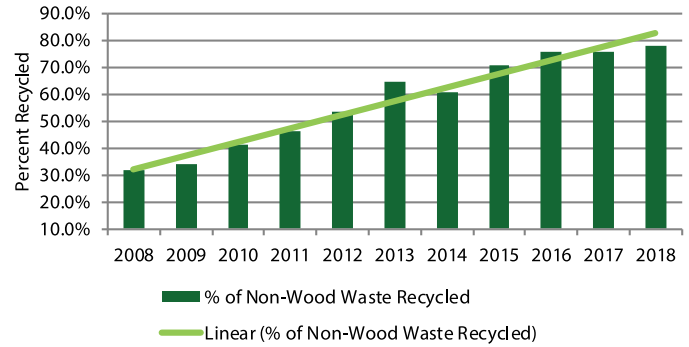
Utilization of Wood Waste:

Sauder's manufacturing process generates approximately 180 tons of sawdust and other wood scraps every day. However, thanks to Sauder's pioneering biomass co-generation facility, the vast majority of this wood waste is used to generate clean, renewable, carbon neutral power. Remaining wood waste is sold or donated to a variety of industrial and agricultural users. No wood waste has been taken to a landfill for over 25 years!

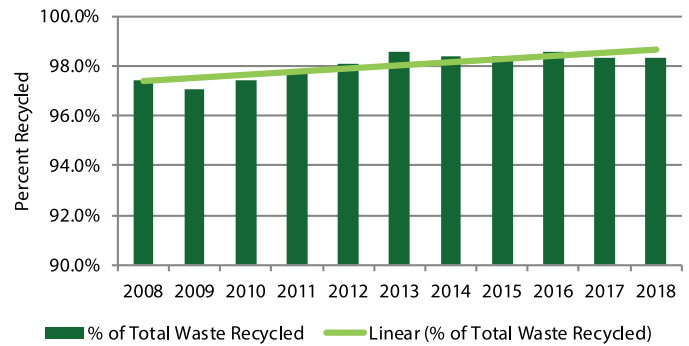
Extensive Recycling Programs:

Sauder has also created an extensive range of recycling programs for non-wood waste. By recycling over 98% of total solid waste and nearly 80% of non-wood waste, Sauder employees are fulfilling our heritage of environmental stewardship.

% of Non-Wood Waste Recycled



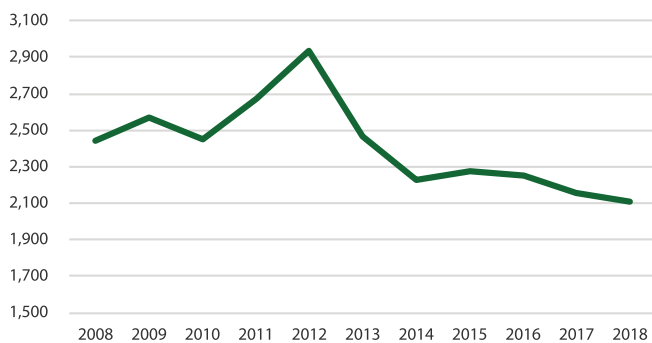
% of Total Waste Recycled



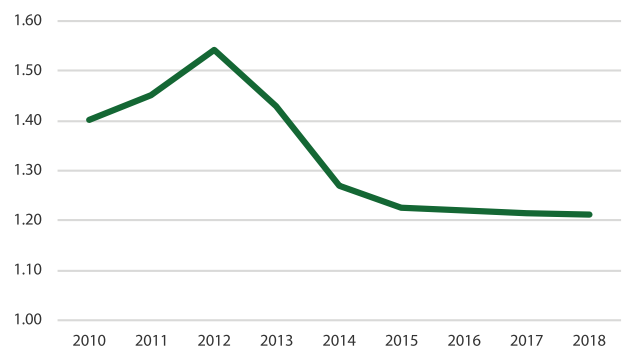
Water Conservation

Despite employing over 2,100 people, 90% of the water consumed by Sauder is utilized to generate electricity. During the generation process, biomass is burned to create heat which transforms water into steam. The high pressure steam then spins turbines to generate power. Cool water condenses the remaining steam back into liquid form so that it can be recycled through the power generation cycle in a closed loop. Inevitably, during the cooling and condensing process, a portion of the cooling water evaporates into the atmosphere. During 2018, Sauder completed a significant project to upgrade the performance of the condenser cycle. That, combined with awareness efforts with employees, resulted in record low water usage per kilowatt hour generated and per employee.

Gallons H₂O Used per Person



Gallons H₂O per kW Generated



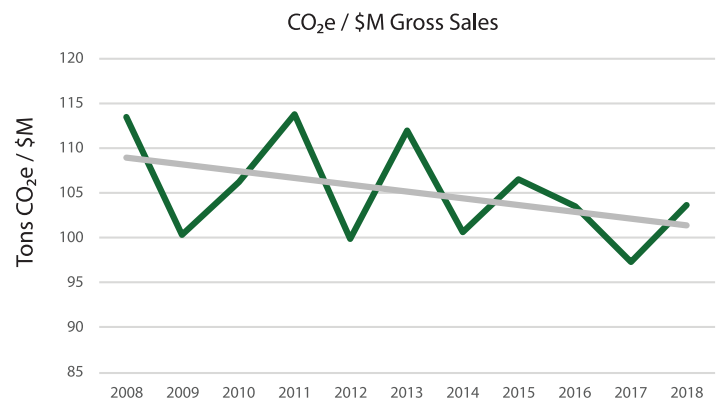
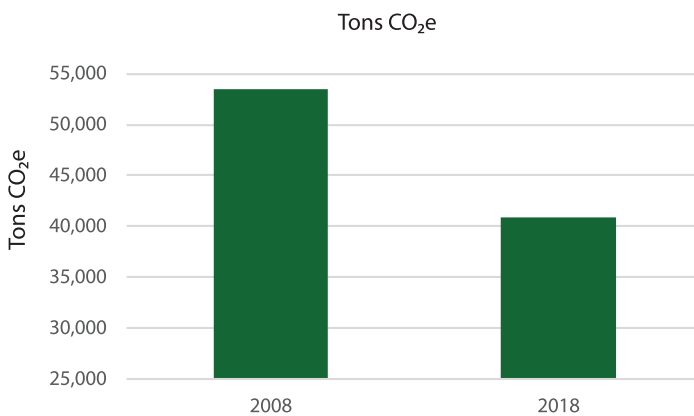
Energy and Carbon Footprint

Sauder is investing in reducing our carbon footprint for the benefit of future generations. One such investment, Sauder's biomass co-generation plant, was envisioned and commissioned in 1993, over 25 years ago. Since that time, it has produced over 991 million kilowatt hours of electricity from renewable biomass. That total represents 991 million kWh that did not need to be generated using traditional fossil fuels. More importantly, it means preventing the equivalent of 772,485 tons of CO₂e from going into the atmosphere.

Sauder continues to make long-term investments in energy efficiency. During 2018, Sauder completed the installation of EcoGate energy conservation equipment and controls on two dust collection systems and made substantial progress on converting the remaining four systems. We expect to complete the EcoGate project in 2019. In addition, Sauder completed an extensive overhaul of the condenser system at the co-generation plant in order to optimize generation of clean, renewable power. A third major focus area for energy conservation is compressed air. Compressed air accounts for approximately 12% of Sauder's total power consumption, and after a thorough system evaluation, Sauder's maintenance team systematically corrected leaking valves, uncontrolled blow-offs, and clean-up air pressure. We expect these efforts to reduce compressed air usage by up to 10%. Collectively, these efficiency initiatives have reduced Sauder's total CO₂e by 24% since 2008 and have created a favorable trend in the CO₂e generated per million dollars of sales.



Sauder Co-gen Plant



Conclusion

The end result of all of Sauder's efforts are products that combine outstanding style, cost effective value, and exceptional environmental stewardship. Sauder's mission of "Creating better ways, to offer better value, for better living" motivates and guides Sauder to be a leader in producing environmentally responsible products in ways that conserve our world for today and preserve it for future generations.

