Sauder Woodworking Co.

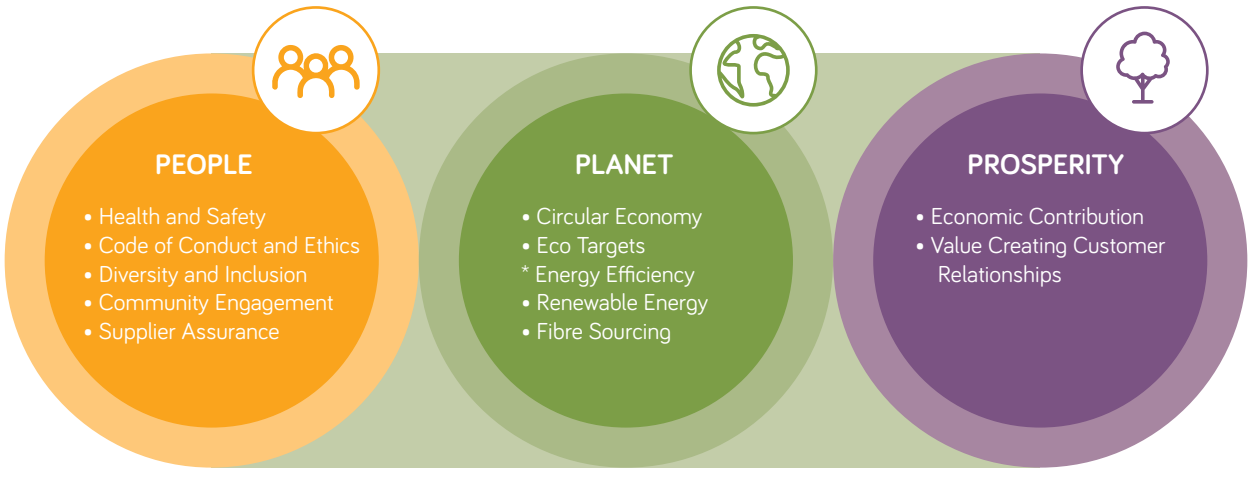
SUSTAINABILITY REPORT

2020

The "Triple Bottom Line," People, Planet, and Prosperity, is a sustainable framework that encompasses a company's social, environmental, and economic impact. This framework is naturally aligned with Sauder's core values of Better Ways, Respect, Integrity, Stewardship, and Servanthood.

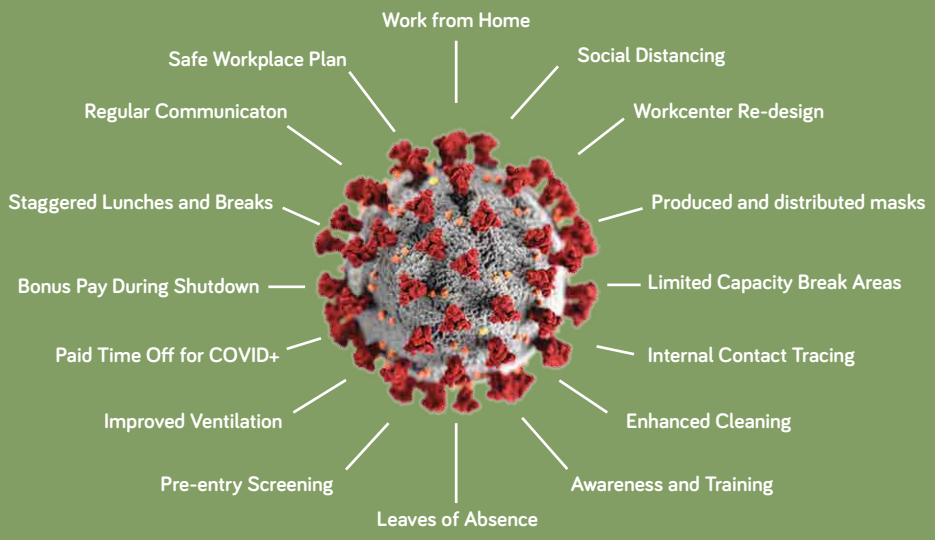
People: The positive and negative impact an organization has on its most important stakeholders. These include employees, families, customers, suppliers, communities, and any other person influencing or being affected by the organization.
Planet: The positive and negative impact an organization has on its natural environment. This includes reducing its carbon footprint, usage of natural resources, emissions, and toxic materials.
Prosperity: The positive and negative impact an organization has on the local, national, and international economy. This includes creating employment, generating innovation, paying taxes, wealth creation, and any other economic impact an organization has.

TRIPLE BOTTOM LINE



SAUDER COVID-19 RESPONSE

The three "Ps" – **People**, **Planet**, and **Prosperity** – all play an important role in overall sustainability. However, in this year of COVID-19, Sauder's emphasis shifted dramatically toward "people". From the outset of the pandemic, Sauder's primary focus was on keeping our workforce safe and healthy. Although there was no guidebook on how to navigate the perils of COVID-19, Sauder worked closely with local and state health officials and ultimately served as an example of how to effectively respond in these uncertain times.

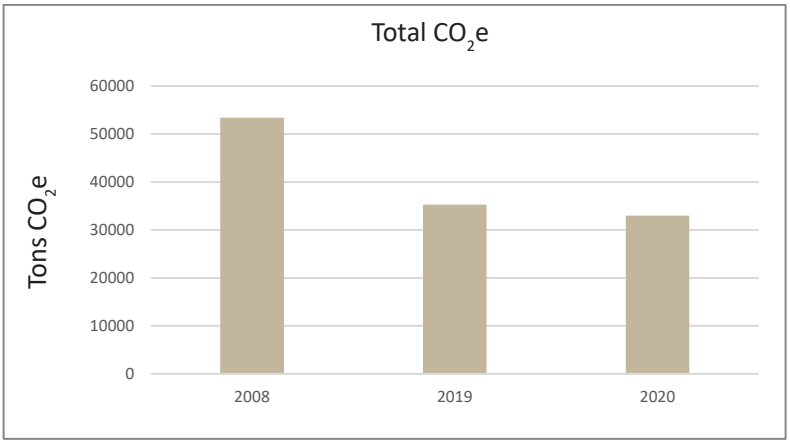


As an "essential business" Sauder had a responsibility to maintain production and shipping operations. The challenge was how to do so safely. Through actions including paid time off for those diagnosed with COVID-19, leaves of absence, pre-entry check-in procedures, technology to enable employees to work from home, work center redesign, and, of course, masking and social distancing; Sauder created a safe work environment for all employees. Although many longed for the pre-COVID work environment, Sauder and all its employees recognized the importance of acting for the greater good and did what was needed to weather the pandemic.

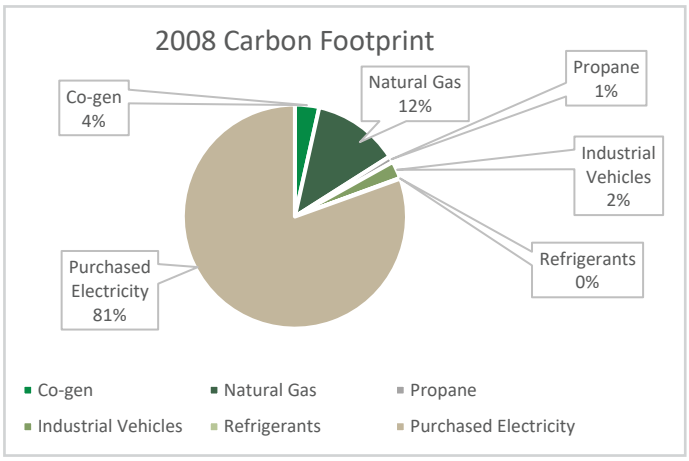
During difficult times, character and values rise to the surface. Although our primary focus was on "people," Sauder's core value of Stewardship, utilizing resources in ways that minimize waste and benefit all, remained firmly embedded as part of who we are and how we work. This value has promoted environmental stewardship in the areas of minimizing emissions, conserving water, and minimizing waste since 1934.

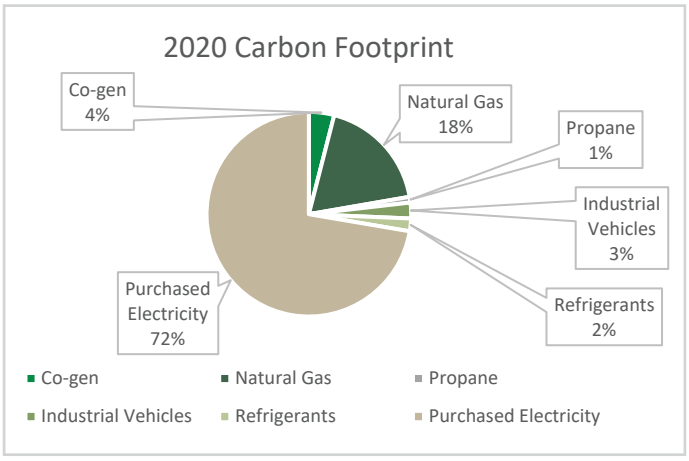
CARBON FOOTPRINT

A critical part of preserving our environment is reducing our corporate carbon footprint. Since we first began measuring carbon footprint in 2008, Sauder's overall carbon footprint (CO_2e) has come down by a remarkable 38.2%. Part of this reduction is due to changes in product styling and features. However, the lion's share of the reduction is the result of focused improvement efforts to drive down electrical consumption.

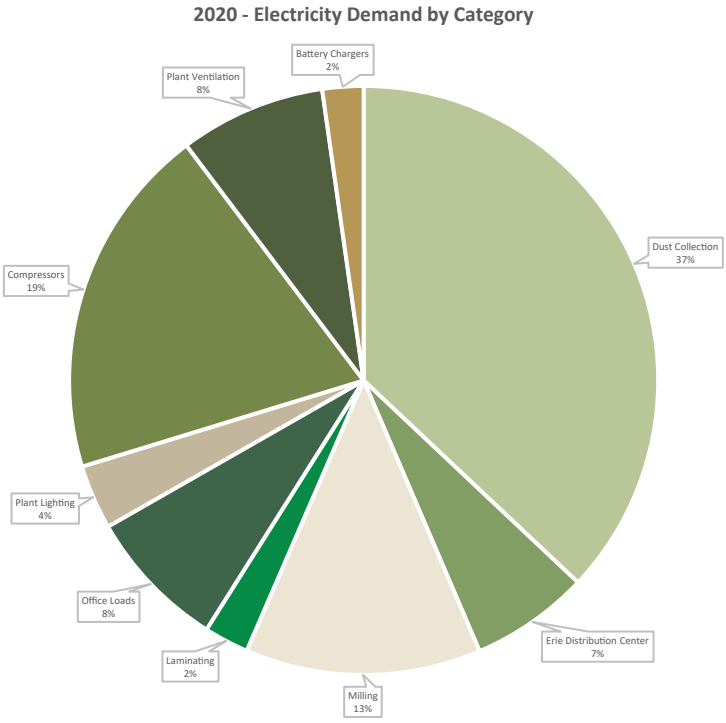


The value of measuring the carbon footprint is in understanding the primary drivers of CO_2e and being able to focus improvement efforts in those areas. Although the of sources of CO_2e have shifted somewhat due to improvement initiatives, purchased electricity remains the dominant driver of Sauder's carbon footprint.





Since electricity consumption is by far the largest component of Sauder's CO_2e, Sauder has focused its attention on reducing the energy use of some of the largest users of energy.



Dust Collection: Installed EcoGate blast gate and motor control hardware and software on 23 dust collection systems.

EDC: Installed fluorescent and then LED lights in place of high discharge sodium lamps and implemented motion sensors on lighting throughout warehouse.

Milling: Increased the use of motor controllers on high horsepower motors and consolidated workcenters.

Office Loads: Upgraded servers to energy efficient blade servers, installed LED lighting, and modulated HVAC systems.

Plant lighting: Installed fluorescent and then LED lights in place of high discharge sodium lamps in over 2.5 million square feet of manufacturing space. .

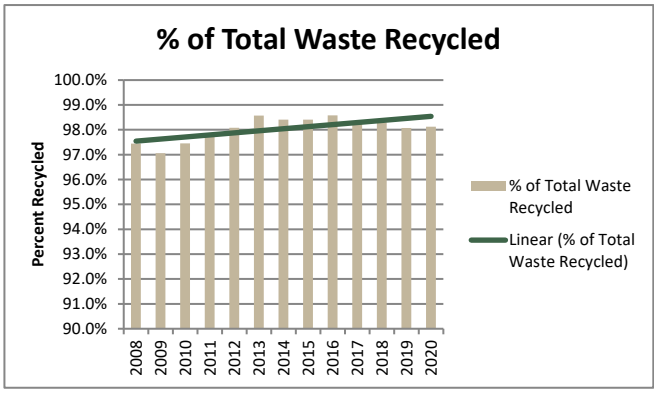
Compressors: Eliminated uncontrolled blow-offs, installed pressure limiting valves, reduced system-wide air leaks, and selectively installed variable speed drive compressors.

Although we are proud of our successes, we don't plan to rest on our laurels. Looking forward, Sauder sees additional opportunities to reduce CO_2e in the areas of air compressors, office HVAC systems, and general work practices.

SOLID WASTE AND RECYCLING

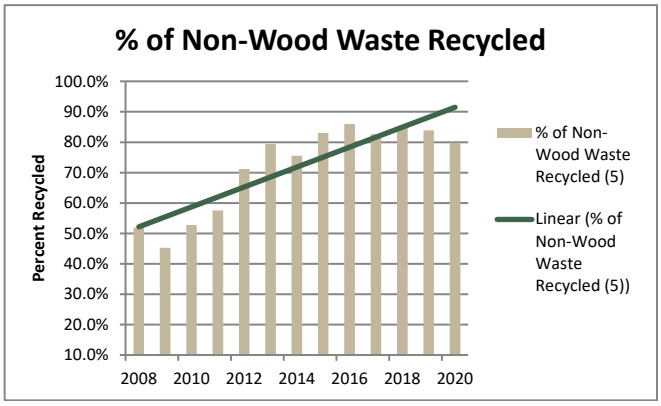
Environmental stewardship of solid waste can be boiled down to Reduce, Re-use, and Recycle. Sauder had active initiatives in each of these areas during 2020.

Reduce: Sauder's largest waste stream, by far, is wood waste. And although 100% of wood waste is recycled by burning the wood to generate renewable electricity, a more sustainable path is to reduce the volume of wood waste. During 2020, Sauder invested in new panel optimization software to identify master panel sizes that will reduce scrap and offal. The net result was improved panel yield and less wood waste.



Re-use: Sauder creatively reuses a variety of materials. For example, obsolete laminate and edge treatment materials are used on non-visible parts and as a filler for wrapped moldings. Component parts leftover from production runs are re-used on future packing runs. And packaging materials from inbound shipments are often re-used for internal parts storage.

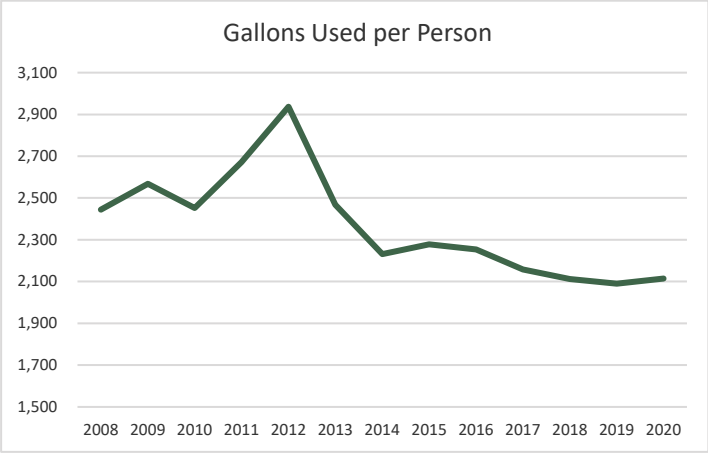
Recycle: Sauder expanded its broad-based recycling efforts to include clean-up water from the lamination process. An investment in evaporators allows Sauder to dramatically reduce the volume of controlled waste sent to landfills. As the charts show, Sauder recycled 98.1% of total waste and 79.8% of non-wood waste generated during the year.



WATER CONSERVATION

Roughly 90% of the water used by Sauder evaporates into the atmosphere as part of the co-generation process. The water helps to cool and re-condense steam so that the boiler water can be re-circulated to make additional electricity. Although no impurities are being introduced into the water during this process, the co-generation process requires an ongoing supply of water. Technical issues in the superheater section of the boilers limited the efficiency of the process during 2020. This led to approximately 14% higher water usage than expected. Sauder expects co-gen water usage to return to a more normal range during 2021.

The remaining 10% of water is consumed for sanitary purposes. Other than minor clean-up requirements, water is not used in Sauder's production processes. Since our 2008 baseline, Sauder has reduced water usage per employee by 14.3%, from nearly 2,450 gallons to roughly 2,100 gallons per person. Despite increased personal hygiene as a defense against COVID-19, the 2020 water usage remained consistent with recent results.



CONCLUSION

During an unprecedented year in which personal health and safety became an over-riding priority, Sauder is pleased to share that the fundamental work of preserving and protecting the environment did not stop. We remain steadfast in our commitment to providing products that combine outstanding style and cost-effective value in ways that conserve our world for today and preserve it for tomorrow.