

## SUSTAINABILITY POLICY

Arcadia and Encore are committed to the intelligent application of sustainable policies which are reflected in our product designs, manufacturing processes, business practices and organizational culture. To ensure that sustainability is fully integrated into our daily operations, we consistently communicate our strategies to employees and the community at large, regularly measure progress toward stated goals and empower all stakeholders to deliver on our promises. Additionally, we also insist on a similar operational philosophy from our vendor-partners. Through a comprehensive, multi-faceted approach that touches all aspects of our business, which is detailed below, we continually evaluate the effectiveness of our economic, environmental and social responsibility outputs to achieve positive results year after year.

### **Economic Sustainability**

We recognize that in order to do the most good, we must prioritize the achievement of long-term profitability. Operational excellence, superior customer service and fiscal responsibility are all essential in our ability to remain a leading supplier of seating and table products for contract furniture markets, which in turn enables us to continue our investments in environmental and social progress initiatives.

### **Environmental Sustainability**

As a matter of corporate philosophy, we are dedicated to minimizing our impact on the environment and making positive contributions to the community in which we operate. Through our product designs, material selections, transportation, manufacturing operations and management practices, we consistently strive toward continuous improvements in environmental performance. Standard recycling procedures and ecologically sensible practices have been implemented throughout all aspects of our operations/facilities and as it relates to new product development and project management. Furthermore, we are committed to the compliance of all relevant local, state and federal regulations, as well as other requirements, as applicable. Progress toward these goals is executed and evaluated in the categories listed below.

#### Design for the Environment

All prospective products will undergo a screening process to consider the inclusion of renewable, recyclable and/or biodegradable materials; a chemical hazard assessment; and an evaluation of energy/water requirements during the production process. Designs will be altered or rejected as needed to ensure that every Arcadia and Encore product adheres to our environmental goals.

#### Design for Durability/Upgradability

Through a thoughtful design and manufacturing process, we promise to deliver products exhibiting long life and maximum utility to our customers. Our products are designed to withstand multiple services, repairs and handling and our warranties are made possible by our use of standardized parts and components to facilitate maintenance, servicing and reassembly.

#### Environmental Management Systems

Our management team assesses the effectiveness of the environmental management system on a routine basis to make certain that resources are available to realize the company's environmental objectives.

This is achieved by regularly communicating goals and progress to all stakeholders, conducting annual self-evaluations, improving sustainability reporting and auditing procedures, identifying and implementing best practices, as they emerge, and adhering to the Federal Trade Commission (FTC) "Guide for the Use of Environmental Marketing Claims."

### Energy

Recognizing the importance of our energy consumption and its associated impacts on the environment, we are dedicated to conserving energy resources. We actively support the development of renewable energy as well as participate in a demand response program to alleviate peak demand on the regional electrical grid. Our commitment to achieving continual improvements in our energy consumption is unwavering as we strive to reduce the carbon footprint of our operations.

### Chemical Responsibility

Our goal is to assess and manage all chemicals associated with product, processes and maintenance operations in a manner that complies with all applicable Federal, State and Local environment regulations. The development and implementation of our Design For Environment program addresses areas such as, but not limited to: a) identifying, reducing and potentially eliminating chemicals of concern and b) conducting life cycle impacts to manage/utilize chemicals that are protective of human health and the environment. As a good steward of human and environmental health, Arcadia and Encore also addresses chemical issues that include exposure of workers, customers and the environment to harmful chemicals as well as maintain responsibility for the well-being of its employees, our community and the broader environment through adherence to an in-house chemical management plan.

### Solid Waste Management

We strive for 100% diversion of production waste from landfills through increased material efficiency, recycling, reuse and other strategic processes. Current examples of our progress include employing "optimizer" technologies, reusing excess fabrics in production, shipping via blanket wrapped packaging whenever possible and diverting woodchip, sawdust and leather scraps to external purchasers for recycling and/or reuse.

### Transportation

Reduction of transportation-related emission and fuel consumption is an ongoing commitment. A strict idling reduction policy is in place for all company, employee and third-party vehicles present at any Arcadia/Encore facility and our tire pressure filling station allows drivers to reduce emissions and increase road safety by maintaining recommended tire inflation. Blanket wrapped shipping further optimizes fuel efficiency by reducing freight volume and is our primary method of packaging. We also strive to increase our local supply base and use more energy-efficient local delivery vehicles, thereby reducing overall environmental impacts resulting from long-distance transportation.

## Social Responsibility

Arcadia and Encore take pride in providing high quality products at exceptional value without compromising our responsibilities to our employees, business partners and the community at large. Committed to a socially responsible approach in all aspects of our business, we act in ways that are consistent with our values, ethics, and the health and safety of our employees, all of which are documented in our Employee Manual and reviewed with employees upon hire. We strive to maintain the highest level of standards from which our success is measured, demonstrating our promise to positively impact the lives of others for generations now, and to come. Our standards include:

### Employee Health and Safety

Injury and illness prevention are the responsibility of all Arcadia and Encore officials, supervisors and employees. We are committed to providing a safe and healthy work environment through a proactive partnership between employees and management and are dedicated to maintaining compliance with all local and national regulations that affect our operations. To support this, our Injury and Illness Prevention Program (IIPP) is a proactive system developed to prevent employee incidents by identifying and correcting unsafe conditions and work practices through communication, training, self-inspection, preventive maintenance, incident investigation, and accountability. Together with adherence to all local and national health and safety laws (i.e. OSHA), we recognize that safety is crucial to the success of our employees as well as our company. We believe that incidents of all types, including occupational injuries and illnesses, are preventable and personal accountability is the key to a safe and healthy workplace.

### Labor and Human Rights

We uphold values of honesty, transparency and human relationships as we strive to become better corporate citizens. As such, we are committed to ensuring that human rights are respected as well as protected and have strict prohibitions against forced, involuntary and child labor. We comply with all laws, rules and regulations applicable to the management of our business and will make decisions consistent with fair hiring practices.

### Inclusiveness

As a strengths-based organization, we recognize the value of a diverse and inclusive workforce as it relates to employee engagement, retention and overall productivity. In adherence to laws which govern fair hiring practices, we are an Equal Opportunity/Affirmative Action Employer ensuring that no applicant or employee receives less favorable treatment on the basis of sex, marital status, sexual orientation, race, religious beliefs, disability, or any other personal attribute.

### Education

In acknowledgement of the vital role employees play in delivering our promise, we are committed to providing tools to assist with making informed decisions consistent with our core beliefs. All employees will receive training to apply the values, principles, standards and rules of behavior that guide our business in an ethical manner. Furthermore, we encourage ongoing employee development as a means of adding value to both the company and our employees.

### Corporate Ethics

We appreciate the importance of credibility and responsibility to our continued success as a professional organization. We uphold high ethical standards in all our operations and apply the principles of equality, integrity and respect in our relationships with co-workers, customers and suppliers as well as our communities and the environment.

### Insider Trading

Every employee shall respect any information which is confidential to Arcadia/Encore including, but not limited to, trade secrets, confidential or advanced knowledge and any information regarding processes used by our brands. Breaches of confidentiality may be cause for disciplinary action.

### Receipt of Gifts

To avoid conflicts of interest or the need for our employees to examine the ethics of acceptance, employees of Arcadia and Encore are not to give or accept gifts from current or potential vendors, suppliers, customers, employees or any other individual or organization under any circumstance outside of social amenities customarily associated with legitimate business practices. These include usual forms of entertainment such as lunches or dinners. Common sense will dictate what should be considered extravagant or excessive.

### Community Outreach

Arcadia/Encore strives to be an actively engaged member of the local and national community in which we operate and is pleased to contribute time, talent and financial support to organizations which share our values and goals. As a company, we select charities based on the passion and personal involvement of our employees and business partners. Driven by a desire to demonstrate good corporate citizenship and give back to the community, we will continue to support meaningful organizations at every opportunity.

In closing, we are committed to the practical application of current and future technologies/strategies that will protect and improve our environment, along with our community, today and for generations to come.