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MISSION STATEMENT

Krug is continuously committed to incorporating environmental sustainability in all our business practices and manufacturing processes. We feel it is important to provide well-designed furniture in the most environmentally responsible way possible.

Krug continues to strive for better ways to reduce our environmental footprint through achieving initiatives in FSC and GREENGUARD Indoor Air Quality Certification. We will continue to find ways to improve our environmental impact, as we realize how important it is to leave the planet as we found it for future generations.

Len Ruby
President
Krug



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KRUG AND THE ENVIRONMENT

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KRUG'S COMMITMENT TO THE ENVIRONMENT

Krug is a leading designer and producer of office furnishings and has become one of the industry's fastest growing, dynamic furniture companies. Our extensive use of carefully chosen wood materials, our Enduraguard finish and our selections of superior hardware, have all contributed to the quality of our products. We recognize that integrating sound environmental practices into all aspects of our business will enable us to preserve the environment and resources for future generations.

Krug is committed to:

Conducting business in a socially acceptable and responsible manner.

Ensuring the Management Team supports and promotes all current and future environmental objectives and procedures set forth in this policy.

Recycling and reducing waste materials whenever possible throughout the company, manufacturing and design processes.

Utilizing materials which minimize the impact on our environment - products that emit low Volatile Organic Compounds, have a high pre-consumer/post-consumer recyclable content, sourcing sustainable, renewable resources (veneers, lumber and particle board) and sourcing materials closer to home whenever possible.

Krug will strive to create products that are manufactured in a way that conserves energy, materials and prevent pollution.

Krug will be open and responsive to the environmental expectations of our customers, staff members and government agencies by providing clear and candid information about the environmental impact of our products and operations.

Our commitment to the environment is a social and legal responsibility, as well as an opportunity for Krug to contribute to the preservation of the natural environment for future generations.

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OUR ENVIRONMENTAL PROGRAM

Krug maintains a program to reduce the impact on the environment of our products and operations. The program has produced significant improvements in a number of areas, thanks to the efforts of everyone at Krug, and in particular to those that have coordinated the numerous facets of the program.

Hardwood Lumbers and Veneers

All of our wood materials are taken from areas in Canada and the United States maintaining the practice of sustained forest management. The practice of harvesting sustainably grown timber in North America has increased the size of hardwood forests, with more trees being planted each year. In contrast to furniture using other types of un-sustained raw material, wood is a material that is being naturally sustained within the North American ecosystem. Krug utilizes a number of processes for maximizing the yield of our wood materials, including their extensive use for internal product components. Unusable wood is reduced to sawdust and is used in our central heating system at our seating factory providing up to 80 percent of that facilities heating requirements annually.

Finishing and Chemical Material

All of this type of waste is sent to a waste management firm for reprocessing. Internal solvent emissions are tested regularly for compliance with the Ministry of the Environment standards. Krug has had all of its lands tested by an independent auditor to verify the nonexistence of environmental toxins.

Fabrics and Leathers

All of our waste is recycled in our upholstery process as decking for chair and sofa seats. Our leather scraps are sold to a local maker of leather children's toys. We have been successful in reducing fabric and leather waste by improving the nesting of parts in our fabric cutting patterns, which has also reduced the amount of fabric customers have to send us for COM orders.

Particle Board

All particle board waste is recycled into mulch and livestock bedding.

Electricity

Krug has set an internal limit on kilowatt usage. A lower usage level has been achieved with the conversion of machine motors from single-phase motors to multiple-phase motors, along with other conversion practices, such as the installation of timers on heating systems.

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Packaging

Improving our packaging methods is possibly the most important way we can reduce our impact on the environment, and we have approached this in a number of ways. Krug has successfully replaced traditional cardboard packaging with plastic bubble-wrap. The initial phase of this transition involved testing on a wide variety of product being shipped across North America. The tests provided very favorable results, leading to the introduction of this type of packing across the board, which will continue to reduce the volume of our packaged waste by over 60 percent. We will continue to use cardboard packaging on products that do not lend themselves to plastic. This cardboard is made from 95 percent recycled materials - the highest percentage we can use and achieve the durability required for cartons. Cardboard is also used extensively in our plants for material handling purposes. All reusable cardboard is recycled within the plants, and any wasted cardboard is sent to the regional recycling center.

Delivery and Installation

Krug offers the option of blanket wrapping for all of our products to reduce the use of packaging materials entirely.

Printed Materials

Our price guide and a number of other marketing brochures, as well as office forms are printed on recycled paper. All paper used in the offices and plants is recycled through a local recycling program. This program also includes the recycling of glass bottles, aluminum cans and newsprint.

Product Durability

Perhaps the best thing that we at Krug can do for the environment is to build products to last. Krug has always had a reputation for exceptionally durable furniture, which goes back to the strength of our construction methods, and the durability of our raw materials, our unique finishing materials, and durability-tested fabrics. It is not unusual to see seventy-five or one hundred year-old Krug products still in use today, and that kind of durability can't help but be good for our environment.

The Numbers

Overall, over 90 percent of the waste produced by our manufacturing facilities is now being recycled. As well, the overall amount of waste being sent to the local landfill has been reduced by over 70 percent.

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GREENGUARD™ CERTIFICATION

In January 2007, Krug announced that all our seating products received GREENGUARD™ Indoor Air Quality Certification from the GREENGUARD™ Environmental Institute. Krug seating products have met the GREENGUARD™ Environmental Institute's rigorous testing requirements for indoor air quality standards for low emitting products. Selecting low emitting products helps to minimize exposure to the chemical emissions that are often released from interior furnishings and manufacturing materials.

In addition, architects, designers, and building professionals can specify GREENGUARD™ Certified seating in order to achieve points for the U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED) Rating System.

For additional information on Krug seating that has met the GREENGUARD™ Certification, please visit the GREENGUARD™ Product Guide at www.GREENGUARD.org.

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FSC Certification

In July 2005, Krug received Forest Stewardship Council (FSC) Chain-of-Custody certification for our manufacturing facilities. The FSC Chain-of-Custody tracks certified wood from seedling to final sale. It signifies that the growth, harvesting and production of goods are entirely achieved through responsible forestry, which guarantees a healthy supply of forest resources for generations to come.

Krug has the ability to provide many of its products as FSC-certified. In addition, architects, designers, and building professionals can specify FSC-certified products in order to achieve a point from the US Green Building Council's Leadership in Energy and Environmental Design (LEED) Rating System.

Any non-certified wood used in an FSC-certified product must come from controlled sources.

Therefore, Krug ensures that the lumber is not taken from:

- forest areas where traditional or civil rights are violated
- forest areas that have high conservation values which are threatened
- genetically modified trees
- forests that were illegally harvested
- a forest that has been converted to a plantation or for non-forest use

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Leadership in Energy and Environmental Design (LEED) Rating System

The LEED Green Building Rating System is a voluntary, consensus-based national standard for developing high-performance, sustainable buildings. Since 1994, LEED has been recognized worldwide as a major standard to rate environmental performance in buildings.

LEED is sponsored by the United States Green Building Council (USGBC). For more information, please visit their website www.usgbc.org.

There are several categories of LEED standards. LEED for Commercial Interiors (LEED-CI) addresses the specifics of tenant spaces in office, retail, and institutional buildings.

Krug can contribute to one credit for LEED-CI in each of the following areas:

Credit 2.1 - Construction Waste Management

Credit 2.2 - Construction Waste Management

Credit 3.3 - Resource Reuse

Credit 4.1 - Recycled Content

Credit 4.2 - Recycled Content

Credit 4.4 - Low Emitting Materials, Composite Wood and Laminate Adhesives

Credit 4.5 - Low Emitting Materials, Systems and Seating

Credit 5.1 - Regional Materials

Credit 6 - Rapidly Renewable Materials

Credit 7 - Certified Wood

Credit 2.1-2.2 - Construction Waste Management

To earn this credit there must be a waste management plan that includes directing packaging debris to uses other than landfill.

All packaging used to protect Krug products during shipping is recyclable.

Credit 3.3 - Resource Reuse

If a project uses salvaged, refurbished or used furniture and furnishings amounting to at least 30 percent of the total furniture and furnishings budget, it can qualify for this credit.

Krug furniture is built to last many years. This is evident by our standard 10-year warranty on our product.

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LEED – CI Credit 4.1-4.2 Recycled Content

To qualify for these credits, the project must use materials with recycled content. The calculation is based on the sum of the post-consumer recycled content plus one-half of the pre-consumer recycled content. If this constitutes at least 10% of the total value of materials on the project, one LEED point is earned under Credit 4.1. If the result is greater than 20%, an additional point is earned under Credit 4.2.

The post-consumer and pre-consumer recycled content of each Krug product is available. Many of these products can contribute to one or both credits.

LEED-CI Credit 4.4 - Low Emitting Materials, Composite Wood and Laminate Adhesives

This credit is possible if composite wood and agrifiber products, including core materials, contain no added urea-formaldehyde resins. In addition adhesives applied in manufacturing or installation of this furniture must have no added urea-formaldehyde resins.

Products qualify for either credit 4.4 or 4.5, but not both. Casegoods and tables typically fall under 4.4 and seating under 4.5.

Krug has the ability to supply non-urea-added particleboard and can ensure that no urea-based glue is used in applying any solid lumber or plastic laminate.

LEED-CI Credit 4.5 - Low Emitting Materials, Systems and Seating

To qualify for this credit, all systems or seating introduced to the project must have been manufactured, refurbished or refinished within one year prior to occupancy. They either can be GREENGUARD Certified for Indoor Air Quality or indoor air concentrations must be less than or equal to those established by the U.S. EPA outlined in the LEED-CI guide.

Specifically, seating for this credit is defined as guest and/or task used with systems furniture. Anything else is excluded from this credit.

All Krug product has achieved the GREENGUARD Indoor Air Quality Certification to contribute to this credit.

LEED-CI Credit 5.1 - Regional Materials

In total, 20 percent of the combined value of the construction materials and the furniture must be manufactured within a radius of 500 miles. This credit will apply if the installation of the finished product occurs within 500 miles of Kitchener, Ontario, Canada.

For reference, the following are the travel distances in miles between the Krug facilities in Kitchener, Ontario and the City Hall in selected cities: Montreal – 393, New York – 496, Pittsburgh – 322, Baltimore – 476, DC – 497, Philadelphia – 503, Charleston, West Virginia - 535, Indianapolis – 501, Dayton – 375, Columbus – 374, Cincinnati – 435, Chicago – 463. The LEED requirement is “within a radius of 500 miles” so a travel distance of 500 miles would be well within the 500-mile-radius requirement.

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LEED-CI Credit 6 - Rapidly Renewable Materials

This credit is achieved through the use of rapidly renewable construction and Division 12 (Furniture and Furnishings) materials and products made from plants that are typically harvested with a life cycle of 10 years or less. To earn the credit, they must be used for 5 percent of the total value of all materials used in the project.

Krug can contribute to this credit by supplying bamboo veneers. All other materials used on the project (beyond those in the furniture) will be taken into consideration in achieving this credit.

LEED-CI Credit 7- Certified Wood

This LEED credit assesses all the wood used in the construction of the project, including the furniture. To achieve this credit a total of 50 percent of the wood used by weight must be Forest Stewardship Council (FSC) Certified.

Krug can supply FSC certified product

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