

Communication on Progress



As a leading manufacturer of ergonomic office products, we recognise that our actions have environmental and social impacts. Through every aspect of our business including the design of our products, our manufacturing facilities, our vendor network and our sales representatives, we continually strive to support and uphold the ten principals of the UN Global Compact on Human Rights, Labour, Environmental Protection and Anti-Corruption.

Below is a brief summary of our progress in implementing the ten principals from January 2010 through January 2012. These principals will continue to guide our decisions and our internal and external interactions on a day to day basis.

Sincerely,

A handwritten signature in blue ink, appearing to read "Robert King", with a long, sweeping flourish extending to the right.

Robert King
Founder & CEO

Human Rights Principles

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses

Humanscale is committed to supporting and respecting the protection of internationally proclaimed human rights and our policies are guided by the principles set forth in the United Nations Universal Declaration of Human Rights. Humanscale's policies reflect its commitment to conduct its business operations in a manner that is consistent with these principals. Our culture and core values embody a commitment to treating all team members, contractors and suppliers with dignity and respect, and promote a safe, healthy, and supportive work environment.

Humanscale is an international organization. We demonstrate support and respect for internationally proclaimed human rights through strategically choosing our operating locations. The sales offices are mostly found in North America and Europe, our manufacturing sites are located in the USA and Dublin, and the product development takes place in the USA. Since the majority of our operations are not in countries that are considered "high risk" of major human rights violations, we are able to shift our focus from ensuring that there are no human rights violations, to actively working for the health and safety of our employees.

Expanding past our direct employees, Humanscale has influence through our supply chain. Our purchasing and sourcing decisions can ensure that we are not indirectly complicit in human rights abuses. Humanscale aims not only to avoid human rights abuses, but to act as a positive influence in the local communities where we operate. In this way, Humanscale has started with an internal focus on good practices for our internal operations in an effort to influence our suppliers and the local communities in which we operate for the better.

EMPLOYEE HEALTH and SAFETY

Humanscale is committed to providing a safe and healthy work environment for all team members. We proactively take measures to ensure that the working environment is safe, that employees are aware of and implementing safety procedures and that proper safety equipment is available. Humanscale has developed an Emergency Response Team (ERT) for reacting to emergency situations on each shift, which consists of the Safety Committee and management team at each facility.

Our team members also work to help ensure their own safety and that of co-workers, vendors, and all other persons at work. Regular training is provided to our team members on these policies to make sure the policies are well understood and stay familiar. Policies cover building security procedures, safety measures for powered equipment, precautions for use of chemistry, preparedness for emergencies, and emergency responses. Our team members' efforts are supplemented with professional security firms, who work to protect the building, equipment, and all our team members.

OUTCOMES

Our Humans Resources department has been diligent to ensure all Health and Safety measures are implemented, including:

- Diversity training was provided for all hiring managers, and will be repeated annually.
- Monthly health and safety trainings have been held to refresh employees on safety procedures.
- We developed an inventory of chemicals used in our facilities so that we can continuously reduce or eliminate hazardous chemicals.
- We began "Step-it-Up" a program to encourage our employees to be more physically active, and healthier.

SUPPLY CHAIN

Humanscale operates within an international network of suppliers and vendors. Recognizing our ability to influence these suppliers, we have begun a program to leverage this influence for increased human rights protection throughout our supply chain. We are systematically reaching out to all our suppliers to inquire on their policies and procedures for employee health and safety, hours worked and working conditions. We can then use this information in our purchasing decisions to influence and improve human rights in each of these areas.

OUTCOMES

Vendor evaluation for Human Rights has been completed for our seating line of products with 97% of vendors responding on the following:

- Health and Safety regulations
- Fair working hours
- Fair compensation

COMMUNITY OUTREACH

Humanscale recognizes its responsibility to corporate citizenship and demonstrates its commitment to that role through active support of a variety of causes and community-based organizations. Humanscale is committed to continue supporting community causes pertinent to the communities that it serves

We will track charitable, in-kind giving and volunteer activities to minority and women groups, and to groups serving the disabled, elderly and other challenged groups. The efforts made by each of our locations will be reported to the Human Resources office in Piscataway, NJ.

OUTCOMES

Some examples of charitable activities include:

- Donating of food to the *Food Bank for New York City*.
- Donation of food to the *Community Food Bank of New Jersey*.
- Monetary donation to *Prevent Child Abuse New Jersey*.

Labour Principles

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labour;

Principle 5: the effective abolition of child labour; and

Principle 6: the elimination of discrimination in respect of employment and occupation

Humanscale respects human rights at the local, national and global levels by ensuring that forced or involuntary labor is not used nor supported in any form. All employment with Humanscale is voluntary. Team members are recruited and receive competitive wages and benefit packages. Humanscale will not use child labor in any form and respects the rights of children to be protected from economic exploitation. We recognize and respect team members' rights and freedom to choose whether to join or not join third party organizations or to associate freely and bargain collectively. We respect the legal rights of our team members to join labor organizations or trade unions.

Our team members are paid at least the minimum legal wage and provided with competitive benefits. For each pay period we provide team members with an understandable wage system that includes sufficient information to verify accurate compensation for work performed. Our benefit program represents our solid investment in our employees and our Company.

INCLUSION AND DIVERSITY

We promote diversity through our fair hiring practices, and we are committed to treating all team members fairly throughout their relationship with us. Humanscale is an Equal Employment Opportunity (EEO) employer and does not discriminate against any team member or applicant for employment because of race, color, religion, ethnic or national origin, gender, sexual preference, age, disability, or veteran status. Our objectives include making employment related decisions which further the principles of EEO. This applies to recruitment, hiring, training, promotion, disciplinary practices and other terms and conditions of employment. Discrimination against any team member or applicant for employment is not only a serious violation of equal employment opportunity law, but also of Humanscale's corporate policies.

Humanscale believes that every team member has a role to play in maintaining a nondiscriminatory and harassment free work environment. Throughout our team members' tenure with the company, we educate and train them to ensure they recognize, prevent and eliminate work place harassment. Supervisors and management must report any potential issues or concerns to

Human Resources who will investigate all complaints. Humanscale will take appropriate disciplinary actions, up to and including termination, for any violation of our policies or law.

Our Human Resources Department and the manager of each department are responsible for the oversight and implementation of Humanscale's Ethics, Labor & Human Rights policy. They also define implementation and monitoring efforts to conform to this policy and advance our commitment to continuous improvement. This policy is implemented through Humanscale's communication and training programs for team members on human rights issues generally and on the specific requirements of the policy itself. We monitor, enforce and support Equal Employment Opportunity at every level of the company to ensure compliance with our corporate policies. It is the responsibility of every supervisory and management team member to ensure that discrimination does not occur and for each team member at every level of the organization to report violations to our policy or the law.

Humanscale recognizes that full engagement with diversity and inclusiveness initiatives requires training at all levels. Training is provided to existing and new team members, and as team members are promoted throughout the organization, the appropriate level of diversity training is provided.

OUTCOMES

Humanscale has implemented the following training programs: "How to Create a Harassment Free Workplace" and "Diversity and Inclusiveness" and offers such training to all new team members, as well as provide annual refresher training. 95% of employees in our production facilities were trained on both programs.

SUPPLY CHAIN

As with our commitment to supporting the Global Compact's principles on Human Rights, our efforts to further the Global Compact's principles on Labour Rights has begun to expand past our direct employees and into our supply chain. We initiated a dialogue with our key vendors to make them aware of our position on each of these labour issues. Over the next year, we expect to work closely with our suppliers to gain a deeper understanding of their policies and actions towards freedom of association, child labour, forced labour and discrimination. This will allow us to include these principles as part of our vendor selection process, and will encourage better labour conditions.

OUTCOMES

Vendor evaluation for Human Rights has been completed for our seating line of products with 97% of vendors responding on the following:

- Child labour practices
- Forced labour practices
- Discrimination on the basis of race, sex, colour, religion, political opinion, national extraction or social origin
- Harassment policy and practices

Environmental Principles

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies

At Humanscale, we design and produce all our products. This gives us a great opportunity to make sure our environmental philosophy is deeply embedded in the design process, and not an afterthought. Our environmental policy helps guide our market strategy, design, engineering and manufacturing decisions. When evaluating which products to make, we choose only products that bring real value. We actively research new, more efficient and more environmentally friendly technologies for

use in upcoming products. We evaluate the best materials and processes for their environmental impacts. We consider the end of our products' lifespan and design for disassembly for recycling. At regular intervals throughout our design process we check the design against our sustainability principles to be sure they're being upheld.

OUTCOMES

Reducing our environmental impact falls partially with our product development team, and partially with our operations team. The following measures have been taken:

- We have developed a tool to monitor the energy use of our sales offices and factories.
- We have determined an energy baseline and a greenhouse gas baseline for our factories.
- Our energy use was reduced by 20% in our main manufacturing facility.
- We have implemented a Design For Environment program to train our designers & engineers on sustainable choices throughout the design process. This program uses the accepted conventions of Life Cycle Assessment to evaluate the environmental impacts of different design decisions.
- We have had 4 of our offices and showrooms LEED certified.
- We have developed and launched environmentally friendly technologies with extremely efficient energy use in lighting and air purification.

Anti-Corruption Principles

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery

Humanscale is committed to the highest standards of business ethics and good corporate citizenship. This commitment has earned us a reputation for honesty, integrity, and compliance with the law, which has enabled us to build excellent relationships with our customers, suppliers, and members of the public. Our team members represent Humanscale in their dealings with others, whether with other employees, customers, suppliers, competitors, governmental entities or the general public.

In order to continue to succeed in delivering the best possible service to our clients, we expect and require all employees to exercise the highest ethical judgment and comply with the letter and spirit of all applicable laws. Humanscale has clear accountability mechanisms in place to monitor and report on compliance with these policies. Humanscale recognizes that unlawful actions by team members can be costly to Humanscale and can damage our reputation. Therefore, it is the policy of Humanscale that team members and all other representatives of Humanscale strictly comply with our ethics and corporate compliance policies. In addition, team members are required to promptly report any suspected unlawful activity to a manager, supervisor, the Human Resources Department, or to Humanscale's General Counsel. A failure to comply with any portion of this Policy may lead to disciplinary action, up to and including termination of employment.

Humanscale is committed to meeting the highest ethical standards and maintain our public perception for honesty and integrity. In realizing this commitment, we expect all team members to avoid any activity, interest, or association that could potentially interfere with their business responsibilities and judgment, including any conflicts of interest or the appearance of a conflict of interest. Conflicts of interest arise when there is opportunity for personal gain apart from the normal rewards of employment. As a result, team members must avoid any personal or business interests or transactions that may affect their objective and loyal representation of Humanscale.