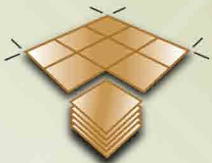




Sustainability Report 2011
substantiating what we promise



IWCI

INTEGRATED WOOD COMPONENTS INC.



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“We are committed to Zero Harm and Operational Excellence.”

It is with great pride that I invite you to peruse the Integrated Wood Components Inc. (IWCI) Sustainability Report 2011. In this Report, we publicly present our progress and future goals as a reminder to ourselves and reassurance to our customers. New initiatives have enhanced our overall performance, and we have continued to strengthen our commitment to sustainable development. We are making planning, reporting and measurement an integral part of our policies, programs and operations.

At the same time, sustainable development is also becoming an essential part of our company's business strategy. To help get us there, we are committed to “zero harm” and “operational excellence,” two best practice approaches that emphasize individual leadership and accountability for identifying hazards and risks and taking action to prevent harmful environmental and social impact. We have discovered that improving in these areas has enabled us to reduce production and operating costs, manage risks, attract business partnerships and investors, improve stakeholder relations, maintain a “social license to operate,” attract and retain employees, stimulate innovation, and expand new market opportunities.

Likewise, we recognize that environmental and social issues can translate to financial risks or opportunities, depending on how we respond to these challenges. To rise above these challenges, we will continue to develop our incentive campaigns and through R&D, continue to provide customers with concrete support for their efforts. We are working with our suppliers, customers and government to improve the energy efficiency of our processes, Reduce, Reuse and Recycle waste materials and maintain and develop the natural resources we depend on. After all, our future depends on it.

John F. Kamp
President

A handwritten signature in black ink that reads "John F. Kamp". The signature is written in a cursive, flowing style.

“Trees are one of the few renewable natural resources that man can truly prove to be the continued purveyors of.”

Frank Xavier Kamp (co-founder IWCI)



1956 The Deposit Lumber Company Building.

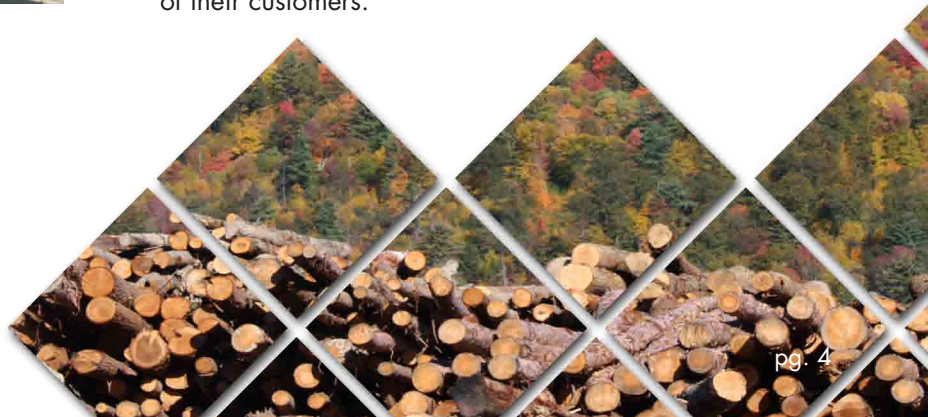
Frank and Henry Kamp (founders of IWCI) grew up in New Jersey and trained as apprentices under the tutelage of their father, a world class furniture craftsmen from the Bavarian region of Germany. In 1956 Frank and Henry moved their rapidly growing cabinet and furniture manufacturing company from their family owned dairy farm into an aging milk condensing plant in Deposit, New York (Located in the heart of Up State New York's Lumber Belt).

The demand for raw building materials skyrocketed due to local construction and projects associated with the expansion and preservation of water supply for New York city. Thus, the Kamp family also formed The Deposit Lumber Company. Frank Kamp began to realize that the success of his companies depended on the preservation and respect for sustainable natural resources. Frank often stated; “Trees are one of the few renewable natural resources that man can truly prove to be the continued purveyors of.” In 1957 he invented the “Customline Tree Planter” that later became a integral tool used in the preservation of the local forests.

The Kamp family owned companies always produced innovative manufactured goods and were at the forefront of the latest technology required to make those products better, faster and more efficiently. All the while embracing environmental practices and supporting the preservation of natural resources. In 1962 Baraboard (later known as Medium Density Fibreboard or MDF) was invented by a local manufacturer. IWCI began to introduce this new product to other companies that were ill-equipped for the cutting and machining of MDF components at high volume. As a result IWCI became one of the largest MDF components supplier to furniture companies in the North Eastern part of United States. The company was willingly forced to expand and in 1972 the ground was broken for a new 25,000 sq. ft. facility. This high volume plant enabled the company to meet the ever growing demands of their customers.



1972 IWCI manufacturing facility. One of the first fully automated wood components fabrication plants in the North Eastern part of United States.





In 1976 Gerard and John Kamp began to work for the family owned company. They began to learn the business from the ground up by working every process and operation. Their respect for the environment was instilled in them at an early age by their father. During their teenage years, the brothers planted hundreds of thousands of trees throughout Northern Pennsylvania and the Southern Tier of New York to help preserve and support the forests and it's industries.

In 1986 the environment was quickly becoming a global concern. The next generation of Kamp brothers took over where their family left off. Because of their past experience and eco friendly practices, IWCI quickly adapted to the environmental demands of their customers and the world. Environmental systems for recycling air and containing dust were installed. Conversion of the paint line to 100% water based, environmentally friendly products was undertaken. Their laminating processes began to utilize solvent free epoxies and water based glues. Highly productive and accurate machinery was purchased to increase volume, eliminate waste and use less energy. All of this ultimately lead to the construction of a brand new, state of the art, environmentally friendly, 150,000 sq. ft. facility. Which to this day is the most modern, energy efficient, fully integrated wood components manufacturing plant in the United States.

The History of Our Major Accomplishments

1971	1974	1988	1990	1995
Purchased the largest panel saw in North America and became the first Components manufacturer in the United States that utilized MDF board for it's custom products.	Introduced the First "Band Ade" Machine at the International Wood Working Fair In Louisville, Kentucky. Technology that was used to recycle metal banding.	Helped develop some of the first solvent free epoxies for the RTA furniture and electronics industry.	Converted to solvent free epoxy and water based PVA glues that are used in the lamination of paper to board components.	Installed our first "Wood Waste to Energy" system. Utilizing all pre-consumer wood waste to heat our facility.
2000	2001	2007	2008	2010
Broke ground for the first totally integrated custom components facility for converting raw composite panels to completely packed-out finished goods.	Began operations at our 150,000 sq. ft. facility. Designed for environmentally friendly processes. No emissions points permits were needed or required.	Added second Packout line for finished goods and began purchasing graphics, corrugated recycled packaging, plastic, and other sub-components to produce and ship fully assembled products.	Purchased company that manufactured pre-consumer recycled edgebanding to enhance product quality and continue our efforts to manufacture eco conscious products.	Added several pieces of energy efficient equipment. Such as a point to point machining center saw, CNC saw and edgebander that have greater production capacity while using less energy.



Vertically integrated, state of the art, 150,000 sq. ft. manufacturing facility. Located in Deposit, New York



IWCI has established a set of values which we believe in and focus on in our quest to be the industry leader. These core values serve to remind us that we cannot accept the status quo or shirk our responsibilities. These values play an important role in this, our first-ever sustainability report.

Our Vision

Our vision is to become the recognized industry leader by our customers in the custom wood components and related businesses in which we compete. Continual progress in technology, customer relations and healthy environmental practices will always be how we achieve this goal.

Our Mission

Our mission is to be an industry leader through commitment to people, quality, innovation and service, while respecting the environment and community in which we operate.

Our Business Principles

- Meet our Environmental Responsibilities
- Success through People
- Pursue Excellence
- Focus on the Customer
- Maximize Profit
- Share Success

In short, we are a robust company that adapts to the ups and downs in individual industries so our customers can depend on us to be there when they need us in good times and bad.

"IWCI's mission statement is a constant reminder to our employees of why the company exists and what the founders envisioned when they put their reputation and fortune at risk to breathe life into their dreams. As a result, IWCI will never lose sight of it's core values."



Gerard J. Kamp
Vice President &
Sustainability Officer

Environmental responsibility is paramount at IWCI. Our complete product range is produced with an environmental conscience. Materials once considered by others to be waste, we regard it as a valuable resource, essentially recycling a significant amount of material once destined to be burned or landfilled. Manufacturing from residual wood waste materials enables the wood products industry to use more than 95% of the tree. An integral part of IWCI's operating philosophy is to continually improve our environmental performance and to conserve natural resources by establishing and meeting environmental targets and objectives.

All our employees are expected to:

- ◆ Conserve
- ◆ Comply
- ◆ Communicate

Environmental responsibility is a critical element of IWCI's success, and also helps ensure a financially sustainable company. At IWCI, we take responsible actions by maintaining an Environmental Management Information System, manufacturing Environmentally Preferable Products, and complying with all legal requirements. We deal openly and ethically with our customers and support our local communities.

"We integrate environmental, social and economic considerations to help reduce risks and create opportunities.

We apply technology and innovation to improve operating efficiencies and minimize our footprint.

We partner with community members and other stakeholders from the start.

We encourage employees to express their values at work each day.

We safely and responsibly deliver environmentally conscious products to a world that now demands it."

Thomas R. Stobert
Secretary/Treasurer



A handwritten signature in black ink that reads "Tom Stobert".



Here is IWCI's status with North America's leading environmental stewardship programs:



Forest Stewardship Council (FSC)

The Forest Stewardship Council (FSC) is a globally-recognized, not-for-profit organization established to promote responsible management of the world's forests. Its Chain of Custody (CoC) system follows FSC certified material through the manufacturing process from forest to consumer, and provides a union between responsible production and consumption. Forest Stewardship Council certified medium density fibreboard products (MDF), particleboard and melamine finished panels are the preferred choice at IWCI.



Environmentally Preferable Product (EPP)

All IWCI's Composite Wood Panel products are certified to the Composite Panel Association's Environmentally Preferable Product (EPP) standard. The EPP Grade-mark Program requires the use of 100% recovered or recycled raw materials and adherence to ANSI formaldehyde standards.



Lacey Act

The Lacey Act is a wildlife protection statute that is administered by the United States Department of Agriculture and Plant Health Inspection Service. All Composite Wood Panel materials procured by IWCI are in compliance with the Lacey Act.



California Air Resources Board (CARB)

In April 2007, the California Air Resources Board (CARB) voted to implement limitations for formaldehyde emissions that will apply to composite wood panels including particleboard and MDF. The regulation will be applied in two phases and will also affect the products that are manufactured from composite wood panels (such as cabinets, store fixtures, flooring, molding, millwork, etc.) that are sold, supplied, offered for sale, or manufactured for sale in California. IWCI's Composite Wood Panel products are Phase 1 and Phase 2 compliant to CARB ATCM 93120; the most stringent emission standards in North America.



Leadership in Energy and Environmental Design (LEED)

The U.S. Green Building Council (USGBC) is a 501 (C)(3) non-profit organization composed of leaders from every sector of the building industry working to promote buildings and communities that are environmentally responsible, profitable and healthy places to live and work. The USGBC's Leadership in Energy and Environmental Design (LEED) system is a third party certification program that promotes sustainable green planning, building and development. IWCI's Composite Wood Panel products qualify for up to six LEED points under the USGBC Leadership in Energy and Environmental Design system.



Environmental Strategies

Our sustainability vision encompasses a three-pronged strategic approach that focuses on our processes, our products and our people. Initially our goals are more environmental in nature because of the critical nature of that component. Our intention throughout all of our endeavors is to maximize our customer and stakeholder value with little or no harmful impact to the environment.

Our process strategy is focused on optimizing energy consumption and seeking innovative energy alternatives; minimizing the amount of energy used to conduct our business and maximizing reuse and recycling of process waste in order to reduce waste to landfill.

Our product strategy seeks to maximize the amount of recycled or renewable content in all products. Going forward, we will work to hold our suppliers increasingly to the highest business and ethical standards in order to ensure that all imported or domestically sourced products are manufactured using fair labor standards and are packaged with re-use or recycling in mind. We are also committed to developing processes that will make it easier for customers to recycle products at the end of their useful lives.

Our people strategy promises to employ fair labor practices and encourages involvement between our employees and the communities in which they live and work. Likewise, as a company, we work to be a good corporate citizen by actively supporting and participating in these communities and those organizations that positively impact our employees, local citizens and the environment.

Stakeholder & Customer Interaction

IWCI is committed to listening, learning from and considering the perspectives and needs of those stakeholders with whom we interact in the course of business and as a corporate citizen. Our stakeholders are people, groups, organizations or systems that affect or can be affected by our Company. These include, customers, employees, communities, consumer end-users, suppliers, governments, the media, non-governmental organizations (NGOs) and reporting agencies. We have conducted a thorough stakeholder analysis, including personal interviews, in order to better understand the needs of these groups.

Our engagement with each stakeholder differs and, in some cases, is continuing to be defined. As we pursue our sustainability vision, we intend to further develop our relationship with each group of stakeholders. Current examples of how we are engaging select stakeholder groups include:

- Employees – regular and ongoing direct communication and engagement.
- Customers – sustainable products and practices that meet the needs of our customers, as well as providing tools to educate consumer end-users of these products.
- NGOs – annual sustainability reporting.
- Government Organizations – participation and support for programs such as the New York State Energy Research and Development Authority (NYSERDA) analysis and initiative programs.

IWCI also participates in and is affiliated with numerous industry trade organizations.

“A Better World Through Safe and Sustainable Materials and Processes”

IWCI covers the market with a wide variety of wood products that span multiple categories, including Point of Purchase, Contract Furniture and Furniture Components. It is our goal to make a better world through safe and sustainable products and processes.

Our portfolio proudly boasts numerous environmentally friendly products today. That number we intend to grow thanks to life cycle analysis and ongoing research and development that will lead to even more safe and sustainable products.

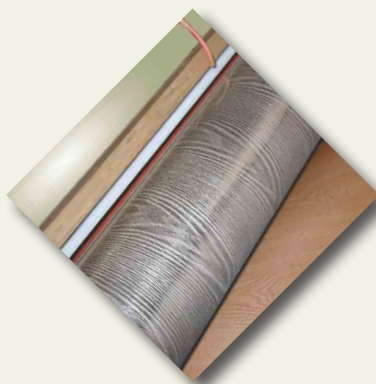
IWCI does not just purchase from suppliers. “We enter into partnerships”. These partnerships not only ensure that IWCI will be sustainable—but ensure that our suppliers and the local forest industry operate on a sustainable basis.

Composite Wood Panels



Manufacturing from residual wood waste materials enables our industry to use more than 95% of the tree. We use 100% recovered and/or recycled wood material to make our products. Our composite wood panels are made up of pre-consumer and post-consumer recycled fibre and recovered fibre. As defined by the Composite Panel Association’s Environmentally Preferable Products (EPP) Program Specifications.

Water Based Paintline



Recently IWCI made a major investment by changing its roller coat paint line to provide improved coating that is free of Melamine, Solvents, Lead, and Formaldehyde emissions. This coating is compliant with California Air Resources Board (CARB) and Leadership in Energy and Environmental Design (LEED) products.

Edgebanding & Lamination



We now offer All our products with a recycled Edgebanding. We purchase surplus and recycled PVC from various sources (normally destined for landfill sites) and laminate our own matching end cuts and butt rolls to the PVC to make a durable and exact matching edge finish to our face laminated materials. We use totally solvent free epoxies in all of our laminating processes which is compliant with LEED and CARB products.

Recycled Packaging Materials



Our corrugated packaging materials are routinely made up of 100% recycled content. 100% post consumer waste is able to be recovered for recycling. Our Paper suppliers state of the art mills only manufacture 100% recycled linerboard and medium from old corrugated containers (OCC). Additionally, our paper suppliers are certified to either the Sustainable Forestry Initiative (FSI) and/or the Forest Stewardship Council (FSC).



Minimizing energy consumption across our operations has long been a key business and environmental strategy at IWCI. As a vertically integrated manufacturer, our energy demand is high; yet our vertical integration also means that we have more opportunities to control and reduce our energy footprint. To this end, our strategy is defined by reducing the energy intensity of our manufacturing processes via proven technologies, innovating solutions that transform how we use energy in those operations, and engaging employees to create a culture of energy conservation.

Recently we purchased state of the art, high volume and energy efficient equipment (such as our new edgebander) that will significantly decrease the amount of energy required to manufacture our products. In 2012 a new lighting system will be installed and in 2013 a superior dust collection system will be installed to further decrease our KW/h consumption. These activities are intended to reduce our energy intensity over the next decade to improve financial performance, as well as our environmental footprint in the community we operate in. As we work toward these improvements, we also will be investing further in our energy sustainability management solution that will enhance our ability to capture consumption data and the integrity of our reporting processes.

Renewable forms of energy have been one of our most promising energy management solutions to date. Our plant uses large amounts of thermal energy that is required for the heating of our facilities. IWCI's air recycling system captures 90% of the heat generated by its machinery and utilizes that heat to maintain comfortable operating temperatures on the manufacturing floor. IWCI also works with federal agencies and local utilities to develop strategies and tactics for energy usage. For example; We have modified our operating hours to align our energy use with off-peak hours to help utility companies operate more efficiently.

Energy Usage Reduction

In Estimated Percentages



Goal

In support of our commitment to the Department of Energy's Save Energy Now LEADER initiative, we will reduce our overall energy intensity by 25 percent as compared to 2010 levels over the next 10 years. We will achieve this goal through energy use optimization, including proven technologies, process innovation and employee engagement.

We are committed to the reduction of our greenhouse gas emissions. In the spirit of “measurement drives management,” we are working to improve our data collection methodology for both energy consumption and GHG emissions to ensure ongoing reduction progress and transparent reporting. Currently, our GHG intensity performance measurements are tied only to our direct and indirect energy consumption. Our next step will be to develop the metrics needed to meet governmental specifications in the future. At that time we will be in a position to present a more complete representation of the overall carbon-based footprint of our company and its products.

As with many product manufacturing companies, our carbon-related emissions intensity largely reflects the energy intensity of our plant. Accordingly, we believe it is appropriate to closely link our GHG and energy reduction goals. These goals will be achieved through capital investments in proven energy reduction technologies, as well as implementation of solutions and practices designed to transform how we manage greenhouse gases within our operations. We also will utilize renewable energy sources.

Life Cycle Implications For Wood Products ¹

Carbon storage occurs in trees as a result of CO₂ uptake as they grow, using carbon to form wood tissue and releasing oxygen back to the atmosphere. Carbon stored in trees—in both wood and bark—is important to prevent its emissions as CO₂ to the atmosphere which would contribute to greenhouse gases and impact global warming. The carbon remains stored in wood products such as MDF or particleboard or as its waste in the landfill until it is either combusted or decayed. The carbon store remains in the MDF or particleboard for the life of its useful service and even longer afterwards. If recycled or placed into a modern landfill, it can last for over a 100 years; when the MDF breaks down it releases the CO₂ back to the atmosphere. IWCI embraces the concept that carbon is stored indefinitely in our wood products, which helps to reduce greenhouse gases.

GHG Emissions Reduction

In Estimated Percentages



Goal

Decreasing the amount of greenhouse gas emissions is important to our organization and to our stakeholders. We will reduce our total greenhouse gas emission intensity over the next decade by 25 percent as compared to 2010 levels. These reductions will be achieved through reduced energy consumption and use of renewable or alternative energy sources as appropriate.

¹ According to the Consortium for Research on Renewable Natural Resources (CORRIM), Life Cycle Inventory of Manufacturing Panels from Resource to Product, June 2008

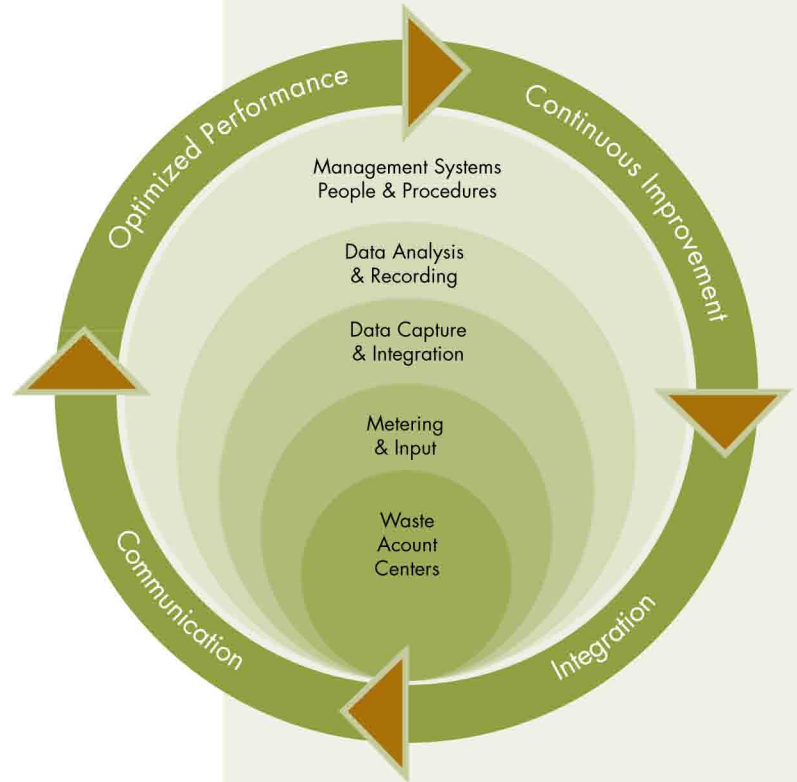
Waste Diversion

IWCI's material diversion efforts and achievements are something we are very proud of. We divert hundreds of thousands of pounds of material annually. Our recycling of paper, plastics, vinyls, metal, wood and lumber are well documented, but these pre-consumer materials are just the start of waste management initiatives. We direct saw dust, saw trimmings, reject board and reject fiber, that would normally be destined for landfill sites, into core material for safe gardening and agricultural materials. All cardboard is recycled into other paper or cardboard boxes. All wooden pallets that arrive to our plant via our suppliers are re-used for shipping and storage purposes.

Since 2007, our Waste Stream Management team has been implementing these programs. Their success in educating and uniting recycling efforts across all IWCI's products and processes is impressive. Today, our inventory and shipping computer system has been adapted to record and discover over 50 recyclable items that have been identified for re-use and are then purchased by numerous companies. IWCI has plans to expand this program and spread this initiative to our future customers and stakeholders. Our office currently operates on an 80% paperless documentation system with a goal to make it 98% by the year 2014.



Waste Stream Management



Goal

As a recognized industry leader in recycling, we have worked diligently to reduce, and in some cases eliminate, the amount of waste from our manufacturing processes sent to landfills. Today, we divert hundreds of thousands of pounds of material. We will continue to increase our recycling rates and our re-use initiatives in order to further lower our total landfill intensity by 25 percent as compared to 2009 levels.



IWCI's definition of sustainability extends beyond the environment to include finding ways to help sustain the community in which we live and work. We especially seek to find ways in which we can link our business with the needs of organizations that make a difference in people's lives. Our work with Deposit Educational Endowment Program (DEEP) is a great example. Through this Perpetual Investment Funds program we have given scholarships to graduating high school students that other wise would not have the opportunity to get a post secondary education. We more than willingly offer Continuing Education Programs to all of our employees. Collectively, these programs help to ensure career advancement opportunities for our people and a competitive talent edge for our business – from the plant floor to the sales force to the management office.

As we discover specific community needs that arise and as needs are brought to our attention, we are always willing to provide assistance. United Health Services (a non profit organization) was having difficulty maintaining health care to our local citizens because of a dilapidated building and lack of funding. We stepped in and helped to build a brand new 9000 sq. ft. facility in order to provide health care to those who could not afford to go elsewhere. In addition, IWCI became the founder of the Wilson Day Care Center. Through our donations It was established to provide practical Day Care for the community and our employees. When the local little league baseball organization came to us because of a lack of a venue, we graciously donated 4 acres of land so that a new ball park could be developed.

IWCI has also focused its donations on significant areas that can make a meaningful difference to future growth and development in our community. One of our more recent grants to the Deposit, New York Volunteer Fire Department included funding for new equipment, training and facilities. The Deposit Chamber of Commerce continues to be an organization that we are members of, closely connected with and help to develop. Through this association we are able work side by side with other local companies to insure that people always come first.

“A strong community will result in a strong sustainable business. Since it's inception, IWCI has been an integral member of the local community in which it operates.”

Deposit Health Care Center



Employee Continuing Education Program



Watch Our Video



We make all of our products green

We are succeeding at being green

We are helping to keep the world green

As we head into our 4th generation of existence, IWCI is very pleased to be able to share our company's progress toward sustainability. Our commitment toward conserving natural resources, while manufacturing high quality, environmentally preferable products, is important to our customers and stakeholders.

We have made substantial investments in waste diversion, energy reduction and are committed to reduce greenhouse gases with energy efficient systems and less fossil fuel consumption.

We are thankful for the support of our dedicated employees and community we operate in. As our sustainability journey evolves, we will more closely focus our efforts on people and environmentally friendly products and processes.

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Sustainability Report
2011



IWCI



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