

Frequently Asked Questions

Climate Change and CCX

Q1: What is climate change?

A1: Climate change—also known as global warming—occurs when high levels of greenhouse gases, which include carbon dioxide (CO₂) and other air pollution, collect in the atmosphere. These gases trap the sun's heat and cause the planet to warm.

Q2: What is causing climate change?

A2: Coal-burning power plants, industry processes and automobiles are the largest emitters of greenhouse gases, which contribute to climate change.

Q3: What is the Chicago Climate Exchange, Inc. (CCX)?

A3: CCX is an innovative trading system whose members make voluntary but legally binding commitments to meet annual greenhouse gas emission reduction targets.

In most respects, CCX operates like any other financial market. However, instead of dealing in commodities, such as gold, CCX members buy and sell the right to pollute.

For each CCX member, a baseline target (also called an emissions cap) is established; those whose emissions fall below that cap receive allowances, which they can sell or save to use later.

Those whose emissions exceed their limit are fined and must buy credits to compensate for their excess.

Q4: Who created CCX?

A4: CCX was founded in 2003 by the economist and financial innovator Dr. Richard L. Sandor. It was the world's first and remains North America's only such trading system to reduce greenhouse gas emissions.

Q5: Who participates in CCX?

A5: CCX members are leaders in greenhouse gas management and represent all sectors of the global economy, as well as the public sector. CCX currently boasts 400 members, including 17% of Dow Jones Industrial Average companies.

Q6: Who regulates CCX compliance?

A6: At CCX, the Financial Industry Regulatory Authority (FINRA) provides independent, third-party verification of

all member emissions reporting. This ensures the highest degree of market integrity for the CCX program.

Q7: How and when did Knoll become a member of CCX?

A7: In 2006, Knoll became a member of CCX through our participation in the Energy and Climate Change Group of the non-partisan Clinton Global Initiative. We were the first company in the contract furniture industry to join CCX.

Q8: What are the specifics of the Knoll commitment to CCX?

A8: In 2007, Knoll was required to reduce global carbon dioxide emissions by 4.25% over the established 1998-2001 baseline. We met and exceeded this CCX target, achieving an 8.8% reduction in carbon dioxide emissions that year.

For Phase II of our commitment to CCX, we expect to further reduce emissions by 2% (over the 1998-2001 baseline) by 2010.

Q9: What other steps are being taken to reduce greenhouse gas emissions?

A9: At Knoll, we have a system in place for identifying manufacturing processes that save energy and reduce emissions. Our CCX commitment is part of a comprehensive Energy Management Program that establishes infrastructure, protocols and procedures to meet long-term, company-wide energy reduction goals.

The Energy Management Program is supervised by a full-time Energy Manager, whose role it is to:

- + Establish energy baselines for manufacturing and metrics to monitor progress.
- + Implement energy conservation techniques and explore alternate energy sources.
- + Establish programs to increase energy efficiency in Knoll products.
- + Establish transportation energy reduction programs.
- + Create training programs for Knoll associates at all levels.