

2006 Environmental, Health And Safety Annual Report



The Knoll 8



1.
Protection
of the
Biosphere



2.
Sustainable
Use of Natural
Resources

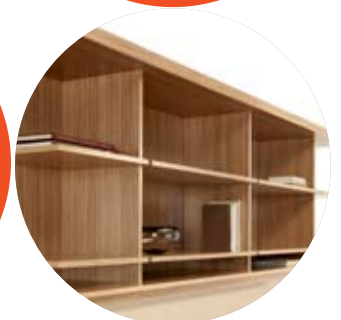
3.
Waste Reduction
and Disposal



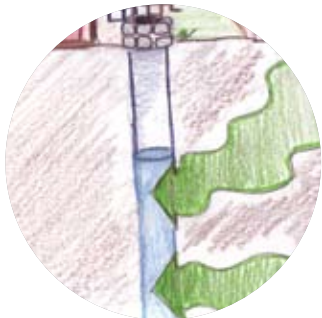
4.
Conservation



5.
Risk Reduction




6.
Safe Products
and Services



7.
Environmental
Restoration



8.
Informing
the Public



**“As we have helped
to create workplaces that
elevate the quality, performance
and beauty of those spaces,
we have also become a leader in
policies and practices designed
to protect the biosphere,
conserve natural resources
and reduce waste.”**

Andrew Cogan
Chief Executive Officer
Knoll, Inc.

Knoll can help clients achieve LEED® credits for Commercial Interiors. AutoStrada™ and Life™ seating, GREENGUARD™-certified for indoor air quality, played an important part in creating a healthy LEED-certified workplace for SCA Americas, above.

2006 Knoll Strategic Initiatives

Each year Knoll sets key initiatives in our journey to sustainability. In 2006 we joined a global consortium on energy, adopted a scientific, metrics-based approach to sustainable product design, and took a leadership position in establishing universal, verifiable, sustainability standards for our industry.



1. Global Climate Change

- + Knoll participated in the 2006 Clinton Global Initiative Meeting – a gathering of heads of state, CEO's, philanthropists and foundation heads committed to environmental change.
- + Knoll became the first company in the Contract Furniture Industry to join the Chicago Climate Exchange (CCX®), which promotes greenhouse gas reduction through the trading of credits earned for reducing emissions.
- + Knoll developed a comprehensive Energy Management Program to increase energy efficiency in products and processes.

2. Life Cycle Assessment (LCA) Tool

Life Cycle Assessment is a science-based measurement of a product's environmental impacts throughout its life cycle, from raw materials sourcing through manufacture, shipping, use, and re-use or end-of-life. LCA enables cradle-to-cradle implementation of sustainable practices.

- + Knoll partnered with The Green Standard.org (formerly called the International Design Center for the Environment or IDCE) to develop an affordable, universal, ISO-compliant computer-based LCA tool that can be used by the entire contract furniture industry.

An affordable universal LCA tool has enormous potential value to:

- + Help stop dangerous and irreversible climate change
- + Conserve natural resources and reduce waste
- + Improve quality of life
- + Eliminate market confusion about green products using real metrics and sound science
- + Facilitate design innovation
- + Advance the sustainability triple bottom line: environment, economics and social equity

3. Setting Industry Standards

- + Knoll partnered with MTS (Market Transformation to Sustainability) to develop the SMART® Standard, a set of consensus-based sustainable product standards based on the LEED model, for all building products, fabric, apparel, flooring and carpet. MTS, the developer of the SMART standard, is an accredited American National Standards Institute (ANSI) standard developer.
- + Knoll also participated in an ongoing BIFMA (Business and Institutional Furniture Manufacturers Association) initiative to establish sustainability standards for the Contract Furniture Industry.
- + Our goal is to encourage all manufacturers in the contract furniture and related industries to adopt standards that will lead to sustainable products and practices.

GLOBAL CLIMATE CHANGE

A Commitment to Reduce Greenhouse Gas Emissions The Knoll Energy Management Plan



Knoll participated in the 2006 Clinton Global Initiative Annual Meeting and is the first contract furniture manufacturer to join the Chicago Climate Exchange, Inc. (CCX®)

“We welcome Knoll with pride and excitement to the CCX family. They are not only the first member of the furniture industry to take on a legally binding commitment to tackle climate change through CCX membership but also widely recognized for their design and materials excellence. We look forward to working with the Knoll team and moving together to address climate change through emissions trading, the highest standards of energy efficiency and a commitment to environmental innovation.”

Dr. Richard L. Sandor, Chairman and CEO of CCX

The Clinton Global Initiative Meeting brings together a community of global leaders to devise and implement innovative solutions to some of the world's most pressing challenges. The resulting commitments, such as the Knoll partnership with the Chicago Climate Exchange (CCX®), leverage the unique capacities of individuals, corporations, organizations and governments.

The CCX is the world's first and North America's only voluntary, legally binding rules-based greenhouse gas emissions reduction trading system. It facilitates the trading of "credits," known as Carbon Financial Instruments, that companies earn for achieving reductions of emissions measured against baseline calculations. Reductions achieved through the CCX market are significant in scale and impact. The CCX requires financial guarantees. Emissions data are audited by the NASD (North America Securities Dealers).

Greenhouse gas emissions, including carbon dioxide which is the primary factor contributing to global warming, are considered a serious risk to the environment. Knoll made a commitment to work with CCX on the reduction of its greenhouse gas emissions in North America by 4% by the end of 2006, calculated from a baseline average of the years 1998 through 2001.

Thanks to a quarter century of innovation in developing clean technology and the infrastructure to support it, Knoll achieved mandated Phase I reductions. In addition to the 4% reduction already achieved, the company made a commitment with CCX to further reduce emissions

by 2½% over the 1998-2001 baseline by the end of 2010. As our environmental footprint gets smaller, our environmental activities will expand. The value of our commitment will reach \$1,000,000 over five years.

To meet our Phase II greenhouse gas reduction goals, Knoll has developed a comprehensive Energy Management Program.

Knoll Energy Management Program

- + Establish an energy baseline for manufacturing processes and identify energy reduction opportunities
- + Establish energy conservation techniques and programs such as power shedding, lighting controls, process improvement and HVAC commissioning
- + Establish a framework for evaluating energy reduction opportunities: compare best practice vs. standard practice and develop technology transfer between facilities
- + Establish guidelines for capital investments (energy ROI), set aside capital each year for energy projects, and review capital projects to ensure best energy reduction technologies are being proposed
- + Establish energy pricing and supply risk reduction programs to obtain cost effective energy pricing and ensure energy supply chain is adequate to meet business objectives
- + Establish programs to increase energy efficiency in Knoll products

- + Establish a transportation energy reduction program
- + Establish metrics to monitor the progress of the Energy Management Program and its effects on pollution and costs: measure tons of CO²/operating hour and tons of CO²/process
- + Establish training programs to educate Knoll associates at various levels
- + Establish infrastructure to provide continuous improvement: employ an Energy Manager and incorporate the program into ISO 14001

CCX members reflect a cross-section of major public and private sector

North American entities. They include: Dupont, Foley, Ford Motor Company, Motorola, IBM, Baxter, Kodak, TradeLink Holdings LLC, International Paper, Cargill, Dow Corning, Amtrak, and Granger.

Design for the Environment 2006 Initiatives

“Our goal is to balance the needs of manufacturers with those of purchasers. Knoll made it clear that to gain its support for LCA the methodology we used in the tool had to be scientifically robust. Their dialogue and honest feedback helped us see how to balance scientific robustness with functionality and usefulness.”

Deborah Dunning, Founder and President, The Green Standard.org

Knoll pursues sustainable strategies and activities in three targeted areas: Design for the Environment, Communication and Third Party Certification. In 2006 we made significant progress on our journey to sustainability in all three.

In 2006 Design for the Environment included:

- + Knoll partnered with The Green Standard.org to develop a universal LCA tool for the design of furniture products that earn those products an Environmental Product Declaration (EPD) that meets ISO 14025. (EPDs will be required for all products sold in the E.U. beginning January 2009.) Our objective is to produce a tool that can be used in the design of all our products; will enable us to achieve the product standards set in our design guidelines; and is economical enough for all companies in the industry to use.
- + Clean Technology innovations in urethane coating and formaldehyde-free backing for wood products eliminated a dangerous polluting substance from our processes; improved indoor air quality ratings of our products; and provided sustainable technologies to our suppliers and others inside and outside our industry.
- + Conversion of a solvent-based clear coat finishing process to a water-based UV process reduced HAP and VOC emissions at our Toronto facility by 10 tons.
- + Knoll continued to apply Design Guidelines and step-by-step procedures for sustainable practices in product design, development and manufacturing. This process mandates accountability from all disciplines and departments and continuing evaluation and education on environmental impacts.

- + High-efficiency, low-mercury T5 lighting was introduced as a standard for Knoll Task Lighting on all systems furniture. The new T5 Task Lighting combines better performance (up to 50% more lumens per watt and up to 40% less energy consumption than the industry standard low efficiency T8 light) with significant benefits to the natural environment, human health and comfort, and the economic bottom line.
 - + Reduces consumption of natural resources
 - + Reduces greenhouse gas emissions and global warming
 - + Lowers mercury toxicity
 - + Enhances visual acuity and comfort
 - + Reduces operating costs
- + We developed a Sustainable Wood Policy for control of non-FSC certified wood sources. Its purpose is to ensure that all wood and wood fiber used in the manufacture of Knoll products is obtained from environmentally responsible sources. It defines controlled categories which shall not be used, including wood from forest areas where traditional or civil rights are violated; forests not managed using sustainable forest practices as verified by independent third party audits; forests that have been converted to plantations; and wood from genetically modified trees. It requires documentation of procurement and verification procedures and maintenance of a detailed record of all in-coming wood and wood fiber, by supplier. The Sustainable Wood Policy is monitored through our ISO 14001 plan.



Communication 2006 Initiatives



In 2006 Knoll used internal and external communication and collaboration on environmental, health and safety issues as tools for increasing awareness and supporting sustainable practices. Communications included:

- + A White Paper written in collaboration with The Green Standard.org, MTS and NRDC (Natural Resources Defense Council) that defines the inter-relationship between a Product Standard, Product Life Cycle Assessment (LCA), and Product Criteria Rules (also called Product Specific Requirements). The document is intended to help manufacturers and design professionals clarify terminology and concepts to facilitate common action.
- + A Training Program developed with The Green Standard.org and MTS designed to promote public education in sustainability by “training the trainers.” Based on the MTS SMART Standard, the program is being implemented in 2007 through Knoll and other manufacturers, both inside and outside the industry.
- + Ongoing development of the BIFMA Sustainable Furniture Standard.
- + A presentation on sustainable practices by Knoll Director of Environment, Health and Safety, Lou Newett, to the residential furniture manufacturers associations. The program was presented in collaboration with the Rainforest Alliance, a non-profit, international conservation organization that globally promotes improved forestry practices and the use of FSC wood and other sustainable materials and is a founding member of the Sustainable Furniture Council.
- + Numerous presentations on Knoll LEED-certified facilities and sustainable manufacturing practices to clients, design professionals and students of Pratt Institute and other schools of design.
- + Sponsorship of the annual Environmental, Health and Safety art contest for school children. Some of the winning entries are featured in this report. Twelve entries were selected for inclusion in a school-year calendar produced by Knoll and distributed free to participants.

“Lou Newett has been very helpful in informing the residential construction sector about what Knoll is doing to address sustainability in furniture manufacture. And by educating suppliers on sustainable needs and opportunities, he and Knoll are actually moving the ball forward far beyond what immediately impacts them. It’s also important that Knoll is willing to share information with companies whose business is related and, in some cases, even competitive. More information and awareness will help us all.”

Liza Murphy, Sr. Manager for Market Development,
The Rainforest Alliance

Third Party Certification and Innovative Alliances 2006 Initiatives

Knoll actively promotes independent third party certification because it provides the most impartial and trustworthy foundation for industry-wide environmental compliance. Certification by established and respected third parties ensures that all manufacturers are held to the same high standards and that customers can trust a company's declarations about the environmental benefits of its products.

In 2006 Knoll Third Party Certification included:

- + **ISO 14001 (International Organization for Standardization)** ongoing compliance, and initiated development of an LCA tool to meet ISO criteria. All Knoll manufacturing facilities worldwide are ISO 14001 certified under the revised 2004 standard.
- + **FSC (Forest Stewardship Council)** annual audit approval of all North American plants that manufacture wood products. FSC certification authorizes Knoll to provide chain-of-custody proof that wood bearing the FSC mark comes from forests that protect environmental, social and economic values.
- + **GREENGUARD™** (Indoor Air Quality) certification for all KnollStudio non-wood conference and training tables and all KnollExtra accessory products, except poster boards. All Knoll North American systems, seating, KnollStudio seating and textiles are GREENGUARD certified. GREENGUARD certification is the gold standard for identifying products that meet stringent testing criteria and have no adverse impact on indoor air quality.

- + **LEED® (Leadership in Energy and Environmental Design)** database creation for seating products to augment existing data for systems furniture. LEED is an initiative of the U.S. Green Building Council that establishes criteria and awards certification for sustainable design. Knoll LEED databases assist clients in choosing products that can help them earn LEED credits.
- + **LEED** documentation for Knoll products on LEED project applications. In 2006, the following projects containing Knoll products achieved LEED certification:
 - HOK in Toronto, Ontario, Canada LEED CI Gold (AutoStrada, Life chair); Omron Dualtec, Oakville, Ontario, Canada LEED NC Silver (Dividends, RPM); SCA Americas, Philadelphia, PA LEED CI Gold (AutoStrada).
- + **Chicago Climate Exchange (CCX)** Phase I (2003-2006) requirements completion for reduction in emissions measured against baselines.



Knoll Innovations in Clean Technology Have Changed Our Industry



The Knoll approach to sustainability goes beyond compliance and participation to genuine innovation that changes the way we and other manufacturers do business. The following innovations are so common in contract furniture industry practice in North America it seems they were always there. In fact, Knoll was the early innovator.

2006 Formaldehyde-Free Backing for Wood

- + Developed with the material supplier a new zero-formaldehyde backing material for wood products; conducted lab analyses and testing. Eliminating formaldehyde from products improves indoor air quality.
- + Technology shared with suppliers who are making it available to other furniture manufacturers and related industries. Will enable many more products to meet GREENGUARD™ standards.

2001-2006 Urethane Coatings

This six-year initiative replaced formaldehyde-emitting wood coating with non formaldehyde-emitting urethane.

- + Partnered with vendors to alter chemistry of European formulas to meet US processes; tested and calibrated processes to refine consistency, color quality and durability to meet stringent Knoll product standards.
- + Technology released to the public in 2007 will have wide application in kitchen cabinet as well as contract furniture industry. Innovation will enable many more products to meet GREENGUARD™ standards for indoor air quality.

1988 High Pressure/Low Volume Application for Water Based Finishes

- + Partnered with suppliers to develop water-based finishes to replace polluting solvent-based finishes, eliminating tons of HAPs and VOCs from finishing processes.
- + Experimented with and tested high pressure/low volume equipment for application; demonstrated new process to Federal and State regulatory agencies and secured approvals; process now an industry and EPA standard.

1987 Powder Coat Finishes

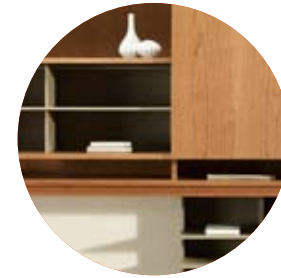
- + Partnered with supplier to develop an alternative to waste-producing/air polluting dip and spray processes by experimenting with newly-invented small-monomer resins, eliminating tons of solid waste and air-borne pollution from the powder-coating process.
- + Made new resin formula available to suppliers and other manufacturers in the industry; now standard practice.

1987 Hot Melt Adhesives

- + Implemented Montreal Protocol criteria to eliminate ozone-depleting VOCs in manufacturing. This was accomplished by replacing ozone-depleting, VOC-emitting contact cement with hot melt adhesives in panel and seating upholstery processes.
- + Developed with equipment suppliers new spray equipment and spiral application technique and made new knowledge available; now widely used.

1982 Post-formed Panel Edges

- + Worked with German supplier to develop new material and process that replaced ozone depleting, VOC-emitting contact cement with water based adhesive, eliminating VOCs in the post-forming process.
- + Had machinery built for the new application and made new knowledge available; now widely used.



Knoll has established a set of ambitious standards for guiding and reporting our progress in becoming a more sustainable company. These eight principles, The Knoll 8, are mandated in a comprehensive Environmental, Health and Safety Plan.

1. Protection of the Biosphere

We will strive to make continued progress toward reducing or eliminating the release of any hazardous substance in an effort to safeguard all habitats affected by our operations.

We will continue to reduce the use and/or emissions of hazardous air pollutants and volatile organic compounds from our manufacturing operations through the introduction of clean technologies.

- + In 2006, Knoll U.S. manufacturing facilities were more than 90% hazardous air pollutants (HAP) and VOC free than our 1995 baseline.
- + The formaldehyde-free urethane wood coating developed at our East Greenville facility further reduced formaldehyde emissions and enables more wood products to meet GREENGUARD standards.
- + The formaldehyde-free backing for wood products developed at our Toronto facility reduced formaldehyde emissions and contributed to improved office indoor air quality.
- + The Toronto facility converted its solvent-based clear coat finishing process to a water-based UV process, reducing HAP and VOC emissions by 10 tons.

We will provide water treatment facilities that meet or exceed discharge criteria.

- + In 2006, the state-of-the-art water treatment facility in East Greenville treated 6,965,937 gallons of wastewater.

We will monitor storm water, conserve water use and develop processes to minimize water pollution.

- + The Muskegon facility modified its continuously running washer system. By closing down the system during lunch and break periods for 55 minutes a day per shift, the facility saved 110,000 gallons of water in 2006.
- + At the Grand Rapids facility, automatic flush systems were installed in rest rooms, reducing water use and discharge.

2. Sustainable Use of Natural Resources

We strive to make the best use of renewable resources, such as water, soil and forests, and conserve nonrenewable natural resources.

We will make sustainable use of renewable natural resources through efficient use and careful planning.

- + In 2006, KnollTextiles offered fabrics made with natural fibers (e.g., linen, cotton, wool) from rapidly renewable sources.
- We will continue to seek opportunities to use sustainable forests in our products.
- + In 2006, Knoll continued to offer wood products manufactured with FSC certified wood.

We will minimize the use of wooden pallets.

- + Knoll continued to repair, reuse and recycle pallets at all facilities. In 2006, 4,595 wood pallets were recycled.
- + Our Muskegon facility began doubling pedestal volumes on large orders from five to 10 per skid, reducing the use of wood pallets by 200 per month in 2006.

The Knoll 8 2006 in Review



- + At Muskegon a program to reuse large wood boxes received in shipments from China to replace pallets for shipments to other Knoll facilities and distributors resulted in an additional reduction of wood pallets of 150 a month.
- + The Grand Rapids facility instituted a return system for pallets, which reduced the number of new pallets purchased.
- + In 2006, our East Greenville facility used long-lasting fiberglass skids to reduce dependence on wood.

We will attempt to recycle or make beneficial use of wood scrap generated in our manufacturing operations.

- + Knoll facilities recycled 5,497.68 tons of wood scrap and 3,731.51 tons of sawdust in 2006. Recycled wood scrap was used for animal bedding and greenhouse fuel. Sawdust was used as fuel for industrial boilers.
- + The Toronto facility continued to burn wood scrap as heating fuel in the winter and use excess heating capacity to provide hot water for finishing processes in the warmer months. Burning wood scrap in place of natural gas reduced total gas consumption by 992,000 cubic meters and saved \$446,760 in energy costs. Utilizing wood scrap to provide process heat saved \$45,000 in 2006.

We will continue to recycle steel, aluminum and other metal components.

- + In 2006, Knoll facilities recycled 5,395.34 tons of steel and 143.35 tons of aluminum.

We will continue to seek recycling opportunities for scrap generated in our manufacturing operations.

- + In 2006, Knoll facilities recycled a total of more than 760.25 tons of corrugated cardboard, 58.1 tons of paper, 170.91 tons of textiles, 54,760 gallons of waste solvent and 7,564 gallons of waste oil.
- + The Grand Rapids and East Greenville facilities recycled plastic wrapping from incoming shipments.

We will continue to utilize post-consumer and post-industrial materials in our products where practical.

- + In 2006, more than 90% of the wood used to make composite board products at Knoll's Toronto, East Greenville and Grand Rapids facilities contained an average of 93% post-industrial material.
- + Knoll textiles include products made of 100% post-consumer recycled content.
- + In 2006, 20% of KnollTextiles' new products carried a "green bar" indicating 49%+ recycled content or 75%+ natural fiber.

We will be environmentally responsible in our purchase of materials.

- + The 2006 Knoll Sustainable Wood Policy for control of non-FSC certified wood sources monitors purchase of all wood materials used in our products to ensure that it comes from environmentally responsible sources.
- + In 2006, all Knoll leather goods were obtained as by-products of the meat packing industry. No hides or skins from endangered species were used.

3. Waste Reduction and Disposal

We will reduce, recycle, and where possible, eliminate waste and will dispose of all waste using safe and responsible methods.

We will seek opportunities to reduce waste and recycle process scrap from our operations.

- + In 2006, Knoll facilities recycled virtually 100% of all aluminum and steel scrap generated in manufacturing. In addition, wood, leather and fabric scrap was recycled for beneficial use wherever possible. (For example, our Grand Rapids facility used fabric scraps for packing, reducing the use of paper for this purpose.)
- + Knoll facilities also recycled 2.04 tons of batteries, 0.55 tons of fluorescent lights, 23.75 tons of fiberglass, and 36.23 tons of waste powder in 2006.
- + The Muskegon facility replaced spray guns in its powdercoat area with new equipment that provides 30-45% better transfer efficiency. Reducing the amount of powder used saved \$34,841 in material costs and provided a cleaner environment for workers.
- + In 2006, the Toronto facility continued to reduce waste solvents at its metals plant, keeping 1375 gallons of solvent out of the waste system.
- + At the Toronto plant, recovery and recycling of paint line wash water saved 265,000 gallons of water per month in 2006. The improvement instituted late in 2006 will deliver annual savings going forward of over 3,180,000 gallons.

The Knoll 8 2006 in Review



- + Our Grand Rapids facility recycled cell phones through the YMCA, which used money refunded from manufacturers to fund programs; and through local police departments, which reprogrammed them for 911 access and distributed them to women in shelters.
- + East Greenville, Grand Rapids and Muskegon facilities recycled printer cartridges. East Greenville recycled through the local Humane Society, which used manufacturer's refunds to support Adopt-A-Pet programs.

We will dispose of our waste only in well-operated permitted facilities.

- + All Knoll manufacturing facilities adhered to stringent mandates for disposal of waste in approved and monitored facilities.

4. Conservation

We will conserve energy by improving the efficiency of our internal operations and the goods and services we sell.

We will make every effort to use environmentally safe and sustainable energy sources.

We will conserve energy and improve energy efficiency.

- + Recovering and recycling water from the three-stage wash process at the Knoll Toronto facility reduced natural gas consumption by 23,310 cubic meters and resulted in energy savings of \$10,500 in 2006.

- + In 2006 the Toronto facility installed large industrial ceiling fans to break up stratification of heat in targeted areas of the plant. Improved heat distribution provided a more comfortable environment for workers and reduced natural gas consumption by 69,120 cubic meters, resulting in energy savings of \$31,100.
- + At the Muskegon facility drying ovens were fitted out with new air seals that improved heat retention, enabling oven temperatures to be reduced by 20% and air changes reduced from 13 to 11 per hour, providing natural gas energy savings of more than \$15,000 in 2006.
- + In 2006, the Muskegon facility overhauled compressed air lines, resulting in electric energy savings of \$14,000.

Paper recycling:

- + 13,912 trees saved
- + 310,973 gallons of oil saved in processing

Recycling paper vs. using new paper reduces air pollution by 74% and water pollution by 35%.

Steel recycling:

- + 13,488,350 pounds of iron ore saved
- + 5,395,340 pounds of coal saved
- + 215,814 pounds of limestone saved
- + 16,833,461 kwatt hours of electricity saved

Recycling steel vs. using new steel reduces air pollution by 86% and water pollution by 76%.

Aluminum recycling:

- + 3,555 kwatt hours of electricity saved

Recycling aluminum vs. using new aluminum reduces air pollution by 95%.

We will implement a program to upgrade existing low-efficiency motors to higher efficiency motors.

- + In 2006, Knoll continued to specify high-efficiency motors on all equipment purchases at all North American facilities.

We will implement a program to upgrade existing lighting, where practical, at each facility.

- + In 2006, Knoll continued its participation in the Green Lights Initiatives at its U.S. facilities and participated in a comparable Canadian government-sponsored program at the Toronto facility.
- + The Muskegon facility converted task lights in its production area to more efficient fluorescent fixtures, resulting in reduced electrical energy consumption.

The Knoll 8 2006 in Review



5. Risk Reduction

We will strive to minimize the environmental health and safety risks to our associates and the communities in which we operate through safe technologies, sound transportation practices, safe facilities and operating procedures, and preparing for emergencies.

We will design our processes to prevent injury to the health and welfare of Knoll associates, the community and the environment.

- + In 2006, Knoll developed new forklift safety directives and equipment standards to improve forklift safety in all facilities.
- + The East Greenville facility completed the 90-day mandated VPP punch list and hosted an event celebrating its VPP award attended by representatives of OSHA and the Pennsylvania Department of Labor.
- + In East Greenville new Kaiser Air Breathing Units were installed in the stainless department to provide a steady supply of clean air and prevent inhaling of particulates during welding and buffing operations.
- + The East Greenville facility replaced manual conveyors with power conveyors for moving heavy materials to reduce employee back strain and installed swivel lifts on production lines to improve ergonomic positioning.
- + Additional 2006 initiatives at the East Greenville facility included new clamps on automatic saws to increase safety, a fume collector system in the metal shop to improve air quality, automatic

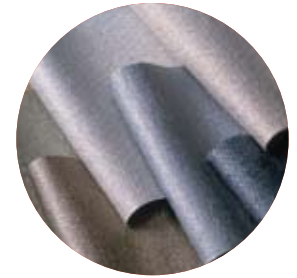
lifts for paint drums to eliminate strain from lifting, and new dock plates in the shipping area to reduce worker back injuries.

- + The Muskegon facility tested and adopted new safety gloves made of Dyneema™ thread, a material 10 times stronger than kevlar, for use by workers who handle raw steel.
- We will develop and implement health and safety policies and programs to help prevent injury and illnesses to our associates.
- + The Muskegon facility instituted a new Incidence Prevention Guide and trained supervisors in working with employees to identify safety risks.
 - + The East Greenville facility conducted continuous ergonomic reviews at workstations under the Knoll Employee Health and Safety Analysis program.
 - + In 2006, Knoll continued to offer a voluntary stretching program that includes instruction and 10 minutes' free time at the start of each shift for stretching exercises.
 - + In 2006, the East Greenville facility posted almost a half million work hours (443,000) without a lost-time injury.
 - + In the Toronto facility a focus on employee involvement in Continuous Improvement Teams helped reduce the safety incidence rate to 2.2, continuing steady year-over-year improvement.
 - + The Knoll overall incident rate in 2006 was 3.18, which is more than 50% better than the industry average.

We will develop and implement health and wellness awareness and illness prevention programs.

- + Knoll manufacturing facilities continued the hearing conservation program that includes testing of all workers in in-house hearing booths with physician review of test results, provision of hearing protection and education.
 - + In 2006, Knoll provided free flu shots to associates and their families. Additional nurses were brought in to administer the program. In Muskegon an overstock of vaccine was donated to a local health charity.
 - + The Knoll East Greenville facility conducted several successful blood drives for which Knoll EMS associates recruited donors.
 - + Knoll issued a policy with supporting ISO procedures to be followed in the case of a pandemic flu outbreak. OSHA and the Michigan State EHS Council guidelines were used to create the policy and procedures.
- We will design and develop training programs to provide Knoll associates with the necessary skills and knowledge to fulfill the objectives of the Environmental, Health and Safety Plan.
- + In 2006, Knoll U.S. facilities conducted regular safety meetings, showed safety videos, trained volunteer safety observers, and created safety posters and newsletters.
 - + Knoll facilities continued to train employee First Responder volunteers in CPR and first aid.

The Knoll 8 2006 in Review



6. Safe Products and Services

We will reduce and, where possible, eliminate the use, manufacture or sale of products and services that cause environmental damage or health or safety hazards. We will inform our customers of the environmental impacts of our products or services in an effort to prevent unsafe use.

We will design and engineer durable products; investigate using recycled materials in the design of our products; and design safety features and ergonomics into our products.

- + In 2006, Knoll continued to design and engineer durable products that use recycled materials in their manufacture, have high recyclability, and include ergonomic and safety features.
- + Knoll Environmental Design Guidelines were followed in the design and development of new products in the pipeline. Guideline principles include economy of materials, recycled content, clean technology, ergonomics, durability, and ease of assembly and disassembly.
- + KnollTextiles collaborated with sustainability leader Interface to develop a 2006 Best of NeoCon Gold winner: Suzanne Tick's Hard Rock and Palladium panel fabrics. Both fabrics have a high percentage of recycled polyester content (Hard Rock contains 62% and Palladium, 78%) and are GREENGUARD certified, making them environmentally responsible choices which may help clients achieve LEED credits.

We will provide independent testing to help assure the safety of our products.

- + All Knoll systems, seating, KnollStudio seating, textiles, KnollStudio non-wood conference and training tables, and all KnollExtra accessory products, except poster boards, are GREENGUARD certified.
- + Knoll performs structural testing of our products using ANSI/BIFMA protocols. Products are tested in our Quality Assurance Laboratory and independently at outside labs certified by the Canadian General Standards Board (CGSB).
- + All Knoll urethane foam cushioning on seating products meets or exceeds requirements of California Technical Bulletin 117 (CAL 117).
- + Most Knoll seating products include upholstery options that comply with California Technical Bulletin 133 (CAL 133), the most stringent flammability test protocol in the industry.
- + All Knoll systems are listed products with Underwriter's Laboratories. Listing includes periodic testing of upholstered vertical panels and UL audits of Knoll and component suppliers' factories four times per calendar year.

7. Environmental Restoration

We will comply responsibly with the law to address conditions we have caused that endanger health, safety or the environment.

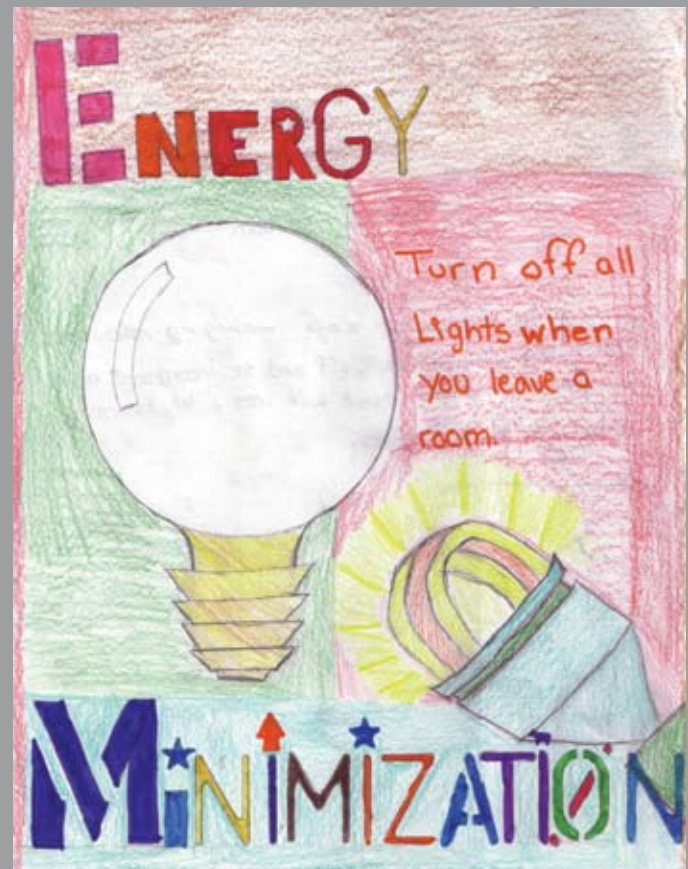
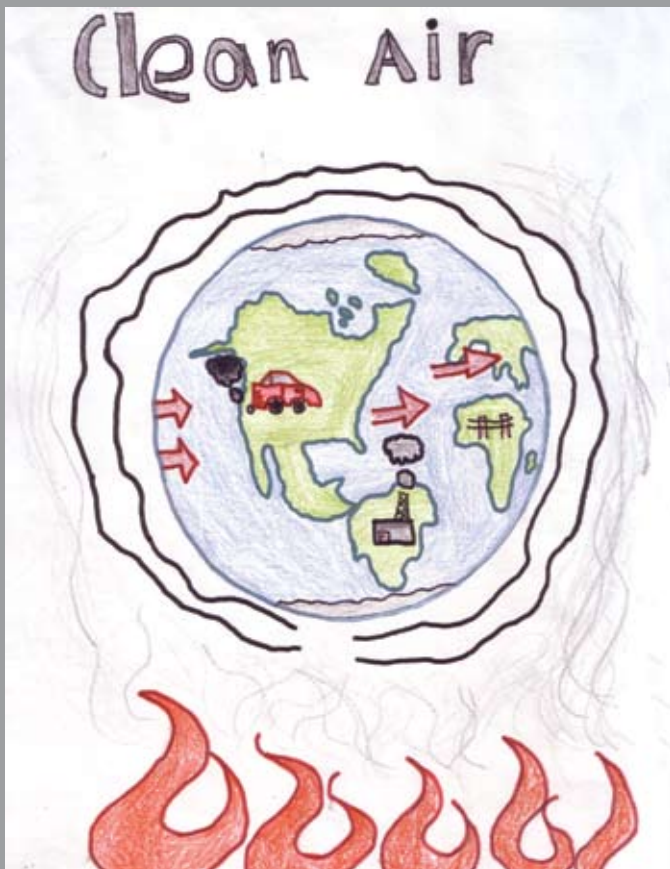
- + In 2006, Knoll caused no conditions that endangered health, safety or the environment.

8. Informing the Public

We will comply with the law to inform in a timely manner those who may be affected by conditions caused by our operations that might endanger health, safety or the environment and will encourage associates to report dangerous incidents or conditions to management.

- + There were no pollution incidents at any Knoll facility in North America in 2006 that either affected the surrounding community or required public notification.

In 2006, Knoll once again sponsored the Annual Environmental, Health and Safety Art Contest for school children. Some of the winning entries, chosen by professional artists, are featured in this report.



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