

Putting action in inspiration

2010 Corporate Sustainability Report



steelcase inc

Introduction

Business is an enterprise to benefit people. This desire to unlock human promise is deeply embedded in Steelcase's DNA. It's guided our company throughout a nearly 100-year history, and it continues to focus and inspire us in today's challenging times.

Through good work the world becomes a better place. History is full of examples of radical evolutions that furthered business goals, improved standards of living and elevated human promise. Aligning goals for people, planet and profit creates solutions that make sense, and make a positive difference.

This report documents and provides examples of our progress during the past year as we've continued to rethink and change our processes, products and methods to meet today's challenges and identify future opportunities. Understanding the chemistry of our products, their lifecycle impacts, and ways they can be recycled and reused informs our product development efforts. Our work in sustainability blends with our strategic lens of innovation and provides insights into opportunities to improve what we do.

The inspiration, dedication and commitment of our employees, partners and customers, combined with our strategy, gives me tremendous confidence in our ability to effectively operate and innovate to deliver greater value to our customers, our stakeholders and communities worldwide.

Sustainability is all about building a strong future for the planet, its institutions, and its people. There's no standing still.

We are inspired by your journey and we thank you for your interest in ours.



Jim Hackett
President and CEO

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Sustainability advances one person at a time, one idea at a time. By collaborating and sharing our successes and failures, we achieve more together than any of us can do alone. Working together, our spheres of influence overlap and expand.

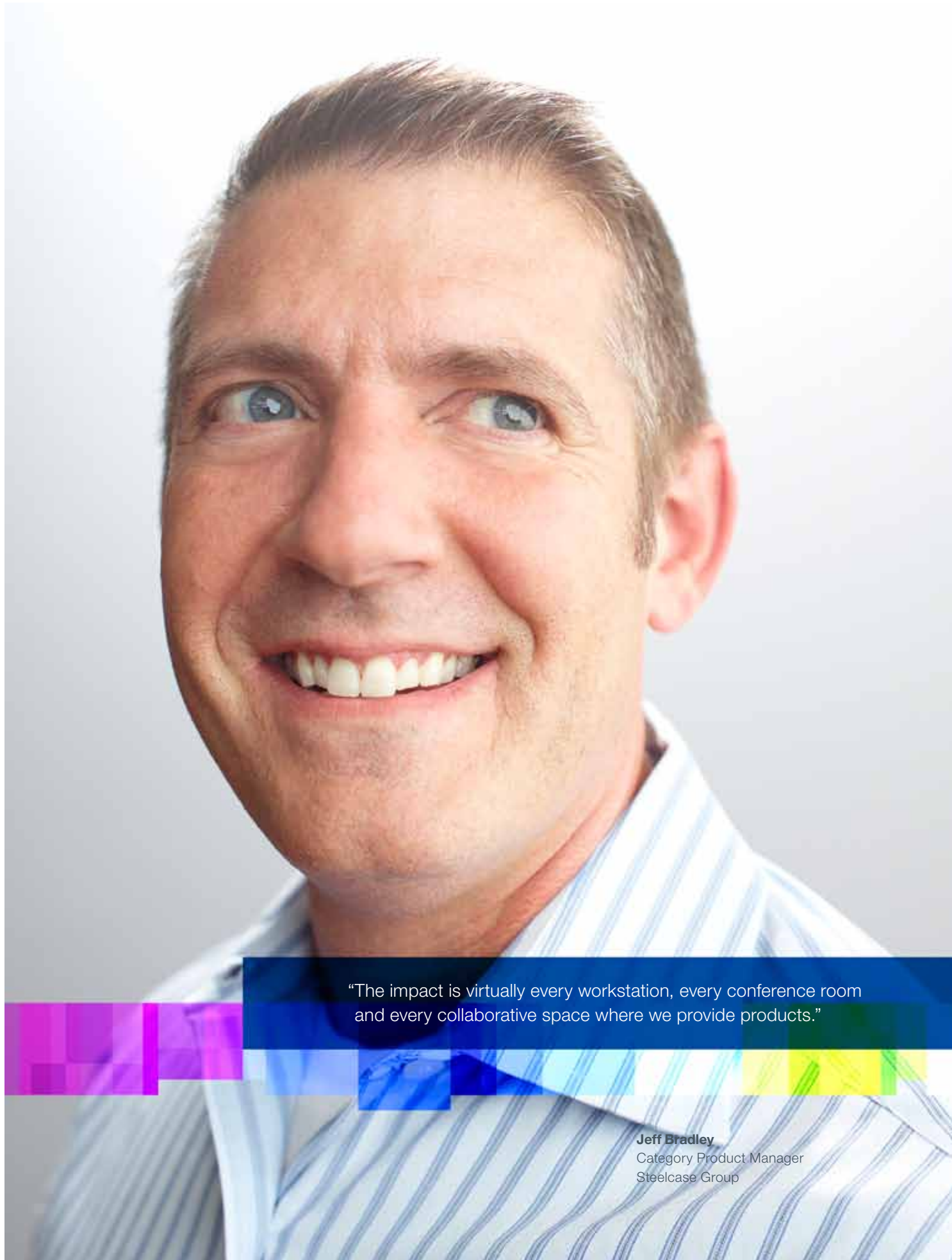
People, planet, profit. The words are just a starting point. There's work to be done on every front. Actions bring our aspirations to life and make them matter.

For almost 100 years, Steelcase has embraced the cords of connection between our business decisions, our people and our ability to build a sustainable business. In the spirit of a continuing exchange, we present this report to document our current progress and commitments, and also to share stories that, through the eyes of our people, we hope will bring the work of our company to life.

Progress happens thanks to people. People like you. Stories like these.

Please visit www.steelcase.com/gri to read more about our performance in sustainability and corporate responsibility in accordance with the Global Reporting Initiative (GRI) framework.





“The impact is virtually every workstation, every conference room and every collaborative space where we provide products.”

Jeff Bradley
Category Product Manager
Steelcase Group

SUSTAINABLE PRODUCTS

Beyond the edge of everything

Planet

Promotes use of alternative, sustainable materials

People

Eliminates exposure to materials of concern in production and at disposal

Profit

Providing customers with greater value for the same investment

Polyvinyl chloride (PVC) can be found in hundreds of products including many in the building construction, furnishings and electronics industries and certainly in many pieces of office furniture — worksurfaces, casegoods, electrical components, grommets, bumpers, spacers.

It could well be the most pervasive synthetic material in the world today. More recently, however, it's become a global environmental focus. A growing body of scientific evidence points to potential long-term human and environmental health impacts of PVC during manufacturing and disposal.

In 2006, Steelcase voluntarily committed to the goal of eliminating PVC from our products as part of a larger commitment to identify and eliminate substances that can threaten human and environmental health. Beginning in summer 2009, we began phasing out PVC worksurface edge bands and replacing them with a PVC-free alternative.

When Jeff dove into the edge banding project, the company's effort to deliver on its commitment to become PVC-free was well underway. But that doesn't mean it's easy to do. Often, making progress means picking up the work of others and taking it

to the next level, caring enough not to give up or settle for “good enough.”

“At first, I didn't fully understand the scope. My head was wrapped around eliminating PVC edge bands on worksurfaces, but I soon learned the pervasiveness of PVC. The impact is virtually every workstation, every conference room and every collaborative space where we provide products. Its reach is broad.”

As a result of team effort, Steelcase is now shipping PVC-free edge banding as standard on 12 product lines, using a proprietary polyolefin blend material to replace PVC. This material has been approved by McDonough Braungart Design Chemistry (MBDC) for use in Cradle to Cradle^{CM} silver certified products. Steelcase now leads the industry with PVC-free offerings in North America and Europe.

“PVC may seem like just a small detail that's easy to change, but in reality it requires an extensive product development effort.”

Months of careful color-matching and extensive durability testing ensured that the new material would meet exacting standards and be equal to or better

than the PVC edging it replaced. Then, machinery in two factories separated by thousands of miles was standardized to the new material and processes. Oh, and by the way, the improvement had to be price-neutral for customers.

“In working on the PVC project, I've really come to understand my impact goes way beyond what I do for sustainability at home as one person. From an organizational perspective, what we do isn't just one small piece of a puzzle. Because of our scope, the scale of our supply chain and the volume of products we produce, it makes us a big piece of the puzzle. It feels good to know we're doing the right thing.”

SUSTAINABLE EDUCATION

Know-how for now

Planet

Builds a foundation of sustainability literacy

People

Provides education to advocate sustainability inside and outside our company

Profit

Enables sustainable innovation

Education and understanding are important components for reaching organizational goals, Faye firmly believes. It moves people from awareness and knowledge to skills and expertise.

“Talent comes from all kinds of experiences. Diverse thinking influences a lot of what we achieve around sustainability. So our job is to help leverage the diverse thinking that is critical to achieving our triple bottom line goals.”

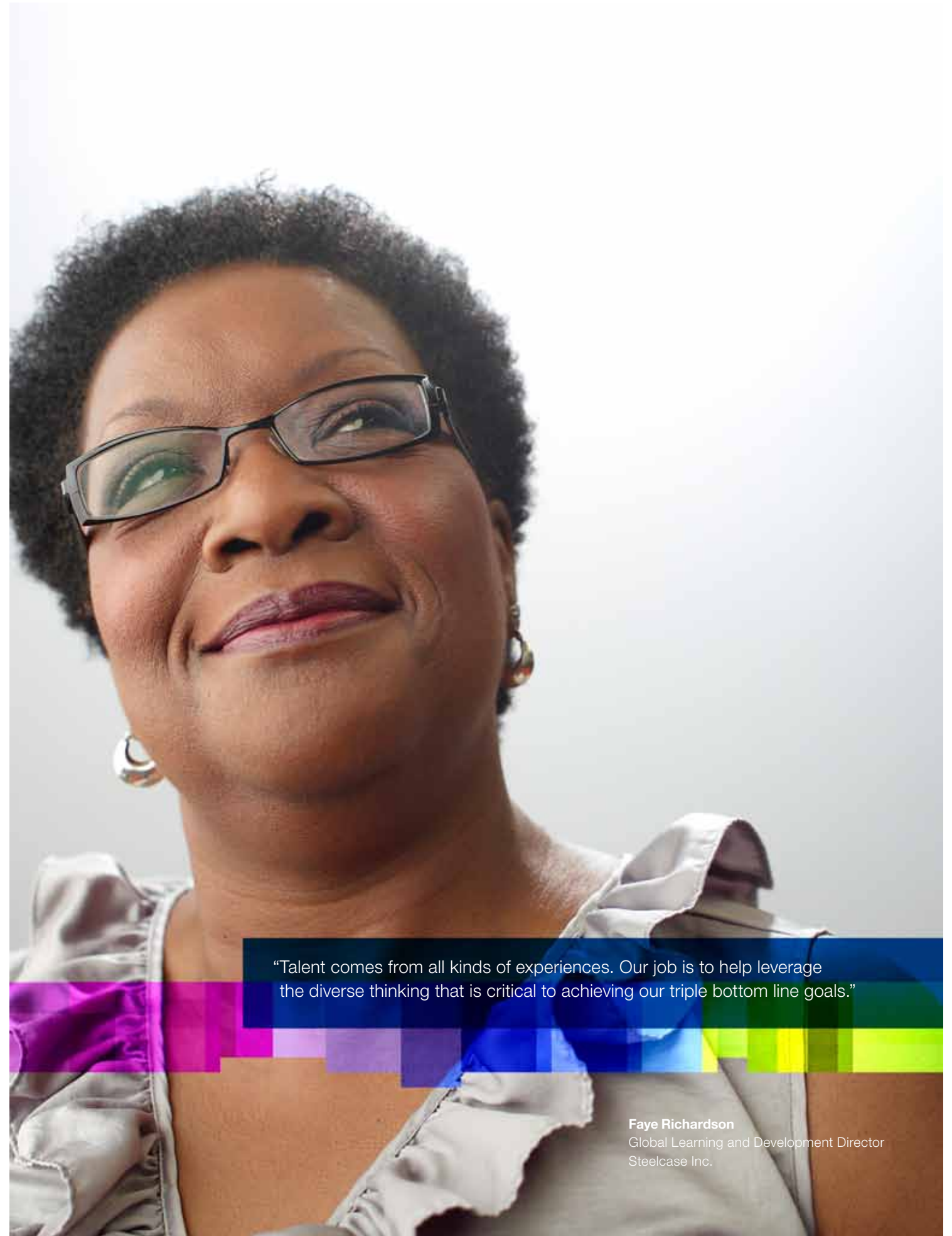
Through efforts this past year that included an employee diversity series, LEEDv3 webinar training, continuing education units on sustainability, speakers and the launch of a highly interactive course on design thinking, Faye and her team provide ways Steelcase employees and stakeholders can deliver even greater sustainable solutions and add value for customers and communities. It all fits into the larger goal of “providing information for all, in a way that benefits us all.” As just one indicator, during the past year hundreds of Continuing Education Units were delivered and more than 400 people were trained on LEED Version 3 alone.

Communication is a fundamental part of the education process. By exchanging ideas, sharing insights and celebrating wins, Steelcase is able to extend the reach and impact of successful sustainability efforts within and far beyond the company.

The trend toward technology-enabled learning is a now-generation way to support sustainability by reducing travel and paper use. A big success story this year was product launch training for Steelcase’s new node™ seating for classrooms. It was accomplished in an entirely virtual, fast-track format. Instead of doing dealer site visits that spread over 3-4 months in locations across North America, it was all done online in just three weeks.

Through both methodology and content, Faye sees learning as a way to have a fundamental impact on company culture.

“Education inspires people, it arms them to generate new ideas. And people’s ideas make a better world.”



“Talent comes from all kinds of experiences. Our job is to help leverage the diverse thinking that is critical to achieving our triple bottom line goals.”

Faye Richardson
Global Learning and Development Director
Steelcase Inc.

SUSTAINABLE COMMUNITIES

Beyond philanthropy

Planet
Reusing assets and investing in environmental literacy

People
Builds a community's future through its most precious resource, its children

Profit
Builds a stronger company by building a stronger community



“They were lacking basic human necessities such as care and love.”

Matthew Buckhold
Managing Director
Kuala Lumpur Shared Services Center
Steelcase Inc.

When a group of Steelcase employees in Kuala Lumpur first visited the House of Joy orphanage in search of a worthy community project they could support, they immediately saw opportunities to help.

At Steelcase locations around the globe, employee volunteerism has always been strongly supported as a way to give back to communities and create a more sustainable future.

Investing in community agencies is the heart of the Steelcase Friends InDeed employee volunteer program that began in 2004 in Grand Rapids, Mich. The effort has expanded each year and now most global locations have a formal employee volunteer initiative that falls under the umbrella corporate program.

During the past fiscal year alone, 887 employees logged 4,438 volunteer hours toward the global Friends InDeed effort. The House of Joy project is just one of many examples of how these efforts are helping communities while also strengthening the culture of social responsibility and world sustainability within Steelcase.

Matthew agrees. “Internally, we create good teamwork whereby all participants know each other even though they are from different departments. In the community, Steelcase is recognized as a responsible company that drives such activities. This strengthens our reputation as a whole.”

At the House of Joy, clean-up days, celebrations, and gifts and donations of equipment and appliances have improved the children’s quality of life. As important, the Kuala Lumpur team is teaching crafts, organizing outings — such as a recent one to learn firsthand about the jungle ecology of Malaysia — and engaging in ongoing mentoring activities. By investing in this orphanage, the effort goes beyond philanthropy to social and community sustainability.

“The biggest opportunity within the House of Joy is education. Most children don’t go to school. It’s not because there isn’t a school for them, it’s because they have lost interest and hope. When a child has lost their parental love and care, education is not the main priority for them.”

“Maybe we can inspire their future paths. Every journey begins with a single step. What they need is to know they have opportunity in their lives.”

SUSTAINABLE PACKAGING

Following nature's lead

Planet

Uses agricultural crop by-products as feedstock while saving energy and reducing carbon footprint

People

Generates regional jobs and establishes a new revenue source for farmers

Profit

Creates regional economic stimulus in agricultural regions

Who would have thought it? Packaging improvements now represent some of the biggest opportunities for advancing sustainability, as well as some of the most innovative.

It wasn't always that way, says Dennis, and he's proud of the progress.

"By developing a solid strategy, we've taken packaging from being a fragmented afterthought to a key part of the product development process."

The overall strategy is three-pronged: to reduce or eliminate packaging whenever possible, to design or redesign products for optimal packaging efficiency, and to replace traditional packaging with better performing sustainable materials.

For example, we have been shipping products partially assembled for years. In Europe 60% of chair products are shipped using this "eco-smart" packaging solution.

A big breakthrough this year was beginning use of a new material, EcoCradle packaging. A revolutionary alternative to polystyrene and other synthetics, it's grown not manufactured. Growing mushroom roots bind to and transform agricultural byproducts such as cottonseed hulls into packaging components. The process

uses as little as one-tenth of the energy needed to manufacture traditional synthetic packaging. What's more, it's completely compostable, returning nutrients to soil within 30-45 days.

Developed and patented by two young entrepreneurs who founded a company called Ecovative in Green Island, N.Y., EcoCradle is just one example of the changes being made.

As an early large-scale adopter that helped develop EcoCradle for commercialization, Steelcase is the first in the office furniture industry using this innovative packaging, initially to ship Currency RTA (ready-to-assemble) casegoods.

The EcoCradle story shows the ripple effect that sustainability efforts can have. Dennis first heard about it in an email. His interest was piqued and he took the initiative to make an exploratory phone call to the company.

"From a materials science and applicability standpoint, I immediately saw the fit for us at Steelcase. And I liked Ecovative's business model, which is to tap into local farmers' byproducts and create local growing centers."

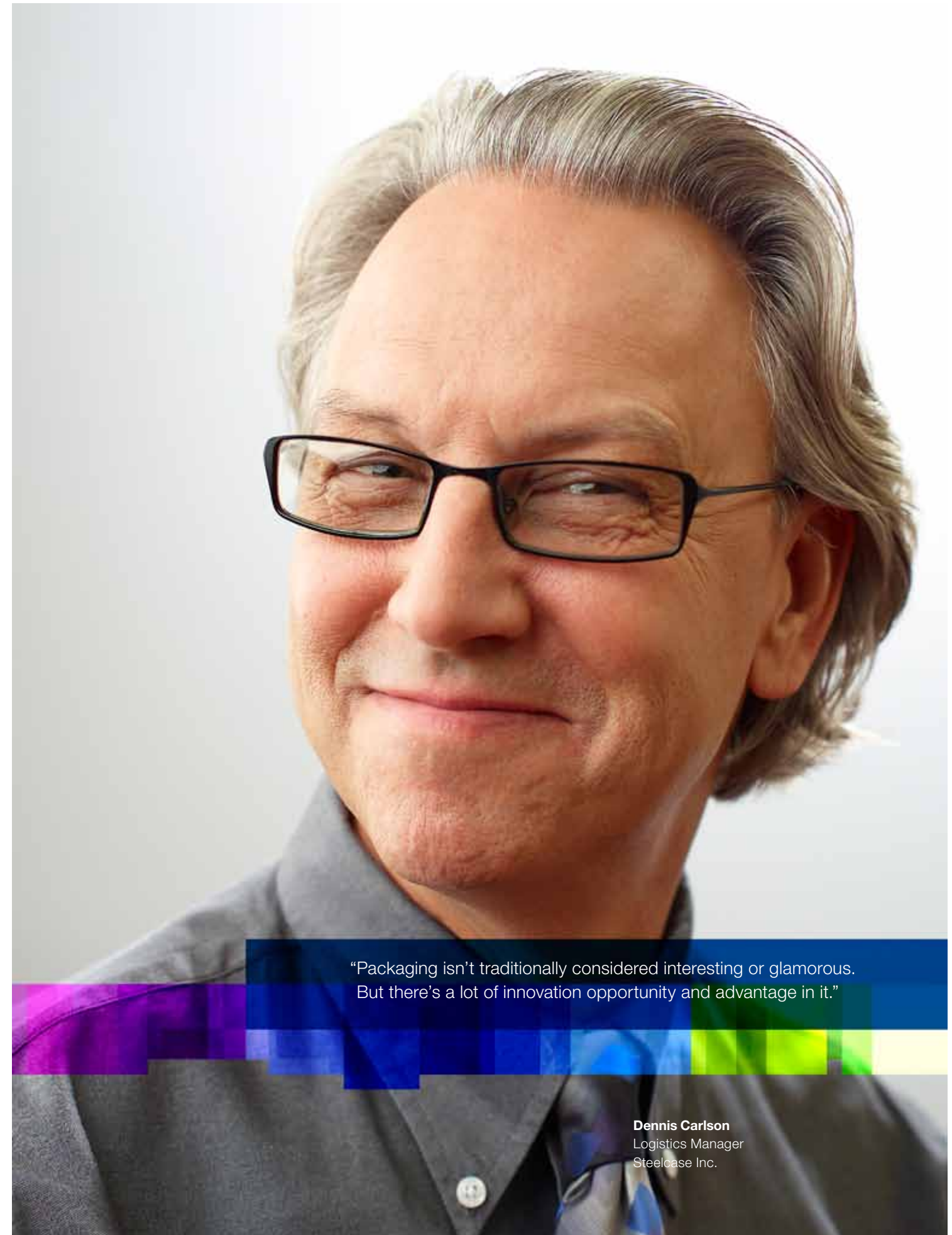
In less than a year, the project went from a phone call to a new packaging solution for Steelcase.

The challenge was working through the blends of materials and scaling up the start-up so Ecovative could feed into Steelcase's industrial processes as a supplier.

"We took some chances, they took some chances, and it worked out great. From here, we aren't hoarding the opportunity. We're looking forward to seeing how it appeals to a broader manufacturing audience in our industry and beyond. It's certainly generated a lot of interest already."

For Dennis, it's rewarding to see packaging in a bright spotlight.

"Packaging isn't traditionally considered interesting or glamorous. But there's a lot of innovation opportunity and advantage in it that's becoming recognized for significant environmental and economic impact. For me, it's personally satisfying to know that doing the right thing is etched into our business model. It may sound cliché, but it shows that it really is possible to do well by doing good."



"Packaging isn't traditionally considered interesting or glamorous. But there's a lot of innovation opportunity and advantage in it."

Dennis Carlson
Logistics Manager
Steelcase Inc.

SUSTAINABLE PRODUCTION

Lean is green

Planet
Preserves energy and natural resources

People
Builds a culture of sustainability

Profit
Reduces material and energy use



“Lean is a journey. There’s never an end to it. Now we’re taking it enterprise-wide, involving our vendors and our dealers.”

Hamid Khorramian
Vice President
North American Operations
Steelcase Inc.

“Lean manufacturing means operating in an environmentally sustainable way. This philosophy guides us in principle and helps stimulate a creative and competitive sense of urgency with our employees. We strive to improve in all aspects of our operations by utilizing ‘lean and green’ thinking to reduce and eliminate excesses from our value streams.”

In 2006, the operations team helped create action plans to reduce Steelcase’s environmental footprint by 25% by 2012, the company’s 100th anniversary year. That has meant careful watch on emissions, water consumption, energy use and waste. Thanks to “green value-stream mapping” that analyzes inputs and outputs, weekly energy audits and other measures, the company is tracking well to all the goals. From 2001 to 2009 (most current reporting year), we have globally reduced VOCs by 94%, greenhouse gas emissions by 59%, water consumption by 71% and waste by 63%. Progress in each category increased by nearly 200% after the anniversary goals were established, a testament to the power of setting aspirations that provide a sense of urgency and stretch an organization beyond established capabilities.

Hamid and his team are already focusing beyond the 2012 goal.

“Lean is a journey. There’s never an end to it. Two or three years ago, all our focus was internal. Now we’re taking it enterprise-wide, involving our vendors and dealers. We’re looking at the entire value stream with a different set of goals focused on materials flow and transportation. Anytime you move materials, it takes energy. We’re trying to reduce that by helping our network be more efficient and better linked.”

Challenges don’t easily burden Hamid and the operations team. They prefer to see them as opportunities. Benchmarking best practices and inspiring others to contribute ideas has become a way of life. If done right, lean can mean that economical and environmental savings are compatible. Establishing objectives and allowing employees to work out the details and best approaches create tremendously positive results.

“It’s becoming part of our culture, not just for financial reasons but because everyone benefits from it.”

He’s watched attitudes change quickly as employees have come to understand the full implications of lean.

“You’ll be amazed at what you discover every time you look beyond just the cost-savings.”

SUSTAINABLE DISPOSAL

Driving greater impact with less impact

Planet

Recycling and reusing assets instead of sending to landfills

People

Giving valuable assets to people in need

Profit

Creative value for our customers by delivering on their goals

For almost six years, the Steelcase Environmental Partnership program has helped businesses by facilitating responsible disposal options when they no longer want or need their furniture. Refurbishing, reselling, donating or recycling — each option can lighten the landfill load, usually at less cost.

The program has extended the useful life of thousands of furniture products and millions of pounds of raw materials. And there's a comparable program operating in Europe, too, so the effort is truly global. During just the past three years alone through only the donation portion of the program in North America, 224 tons of furniture and materials have stayed out of landfills and are instead being reused.

From successfully persuading customers that recycling isn't an extra hassle, to getting a meeting with New York City Mayor Michael Bloomberg's staff to discuss creating municipal incentives, to forging a relationship with Institution Recycling Network (IRN) to facilitate large-scale charitable reuse — through it all, Melissa and the team have been an unstoppable force.

"Like a lot of sustainability work, there is always more you can do."

For the past four months, the team has been ramping up the charitable reuse or donation portion of the program with a new strategy. Through engagement with the Steelcase dealer network and IRN, they've made inroads into architectural nonprofit and recycling worlds that take back more than just furniture. Building materials, school equipment, health care equipment and more are now included. Already the rate of participation has tripled.

"Progress takes hard work, persistence and a complete inner belief in the system and what you're trying to accomplish."

Especially satisfying and impactful are recent efforts that have equipped schools, medical facilities and nonprofit organizations in Haiti, Jamaica and other countries in need. Furniture and equipment donations from U.S. universities and corporations have allowed recipients' limited capital to go toward other pressing needs. In the process, the donors have been able to empty warehouses full of valuable assets that can serve others. They can also save money in the process — the costs of shipping are usually

10–30% less than landfill fees. And there can be tax advantages, too.

Charitable reuse in large quantities can be difficult to achieve locally, which is why many companies haven't wanted to bother. Tapping into Steelcase's program produces all the rewards of donating with little or no extra effort. At first, participants often think it's too good to be true. The metrics reports and pictures of the donated furniture in use that they receive prove the point.

"These companies are doing the right thing and everyone within the company can see the results and be proud of them."

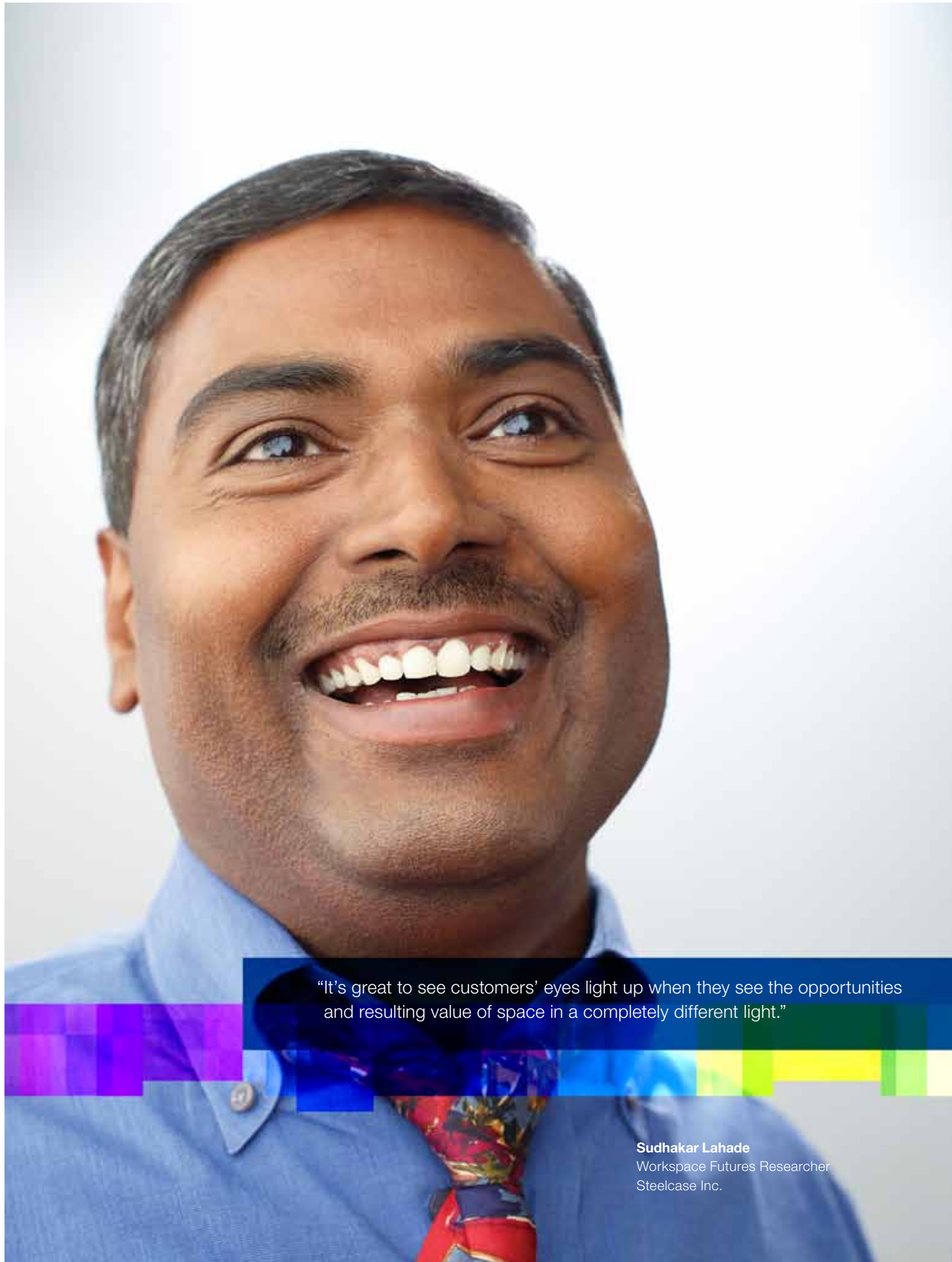
The partnership, and the buy-in and commitment that go along with it, keeps everyone motivated.

Melissa stays personally inspired by a simple equation of scale: "I'm only one person in a big corporation. At the end of the day, the work that each of us does is bigger than office furniture. You're helping make the world a better place."



"Progress takes hard work, persistence and a complete inner belief in the system and what you're trying to accomplish."

Melissa Desota
Market Developer
Global Environmental Sustainability
Steelcase Inc.



“It’s great to see customers’ eyes light up when they see the opportunities and resulting value of space in a completely different light.”

Sudhakar Lahade
Workspace Futures Researcher,
Steelcase Inc.

SUSTAINABLE FACILITIES

Smaller footprint, harder working spaces

Planet
Preserves natural resources
and energy

People
Creates great work experiences
in environments that support
human health

Profit
Better value from real estate

Office buildings are big and they’re expensive to own and operate. They consume large quantities of raw materials and energy — 40% of total energy, 65% of total electricity, 38% of raw materials, 12% of potable water. What’s more, per year office buildings account for 5 billion pounds of cleaning and coating chemicals, 30% of greenhouse gas emissions and 30% of total waste output.

Little wonder that in today’s economy, many business leaders are looking for ways to save money by using less space. What starts out as a problem can turn into a discovery, says Sudhakar.

“Inside the so-called problem of real estate compression are huge opportunities to make the workplace more relevant.”

During the past 15 years, Steelcase has completed 380 research projects to address various workplace issues, including an in-depth project in 2009 focused on real estate compression. This research has resulted in insights that can help customers get significantly more value in less space. For many companies, alternative work strategy has been synonymous with telecommuting, an arrangement in which employees regularly work from home. However,

attention is veering to newer work strategies that can radically change office environments, providing opportunities to support work and workers as never before. With innovative new furniture solutions and product applications, Steelcase is helping customers discover how to reduce floor space while making their employees feel valued and supported in how they work best. By sharing what Steelcase has prototyped and implemented in our own facilities and operations, we can help our customers dramatically reduce their real estate footprint. The total impact goes far beyond what Steelcase can achieve as one company.

“It’s satisfying to help customers realize they can reduce their real estate, take a vastly smaller bite of the earth’s resources and provide sustainable work settings that are better for their employees. They can connect with all three goals — profit, planet and people — by working with Steelcase. It’s great to see customers’ eyes light up when they see the value of space in a completely different light.”

As part of a Steelcase team that recently completed extensive research into Generation Y’s influence in the workplace, Sudhakar considers real estate

compression a good problem to have because it’s helping companies achieve more collaboration.

“By squeezing people out of the isolation from big individual workstations into more open, flexible spaces, you’re increasing people’s interaction with each other. That’s the most preferred way Generation Y wants to work, and it’s also how most people in the other generations prefer to work, too. By opening up the workplace and adding spaces for collaboration, you open up minds of employees and your culture. Your company becomes more transparent, collaborative and innovative.”

Helping organizations achieve smart, hard-working offices has large-scale impact on creating a more sustainable future.

“And who doesn’t want that in today’s world?”

SUSTAINABLE SUPPLIERS

A chain of threads

Planet

Uses natural materials and dyes

People

Preserves a cultural heritage

Profit

Provides customers a unique offering while providing economic opportunity for Afghan families

Working with hundreds of suppliers to meet our sustainability and lean goals and theirs, we partner on critical sustainability initiatives — materials assessment, worker safety, energy and materials reductions, technology and process improvements.

Through collaboration with suppliers, it's often possible to forge new ground and discover breakthrough opportunities. Such was the case with a project that brought together people from DesignTex, the Steelcase textiles subsidiary, and Arzu, a not-for-profit organization that provides income to Afghan women by sourcing and selling the rugs they weave.

The result of this remarkable collaboration is a collection of six contemporary rug designs, 54 rugs in all, made from locally harvested, handspun wool and all-natural dyes derived from plants and vegetables.

Kimberle designed the rugs to push the boundaries of traditional Afghan design and minimize the environmental impact.

"The collection brings together modern and traditional artistry in a very meaningful way."

Though separated by thousands of miles, Kimberle and the weavers exchanged drawings and pictures via the Internet. She designed each pattern with a common thread running throughout, creating a powerful visual design metaphor.

"Even though we didn't speak the same language and were worlds apart, we were able to communicate through the artistry of weaving and our mutual respect for beauty. That was our common thread."

With their intense, vibrant colors and modern aesthetic, the rugs are works of art "so beautiful they bring you to tears." At the same time, Kimberle says the project is much bigger than the collection due to the social value created through it.

In a country with the world's lowest female literacy rate and the second-highest maternal mortality rate, each Arzu weaver must sign a "social contract." In return for above-market compensation and an additional 50% incentive bonus, the contract requires that all of the weaver's children under the age of 15 attend school full-time and women in the household attend literacy classes. It's a holistic model of working that establishes a framework of success for the country going forward.

"The rugs live on and inspire hope. Being part of this amazing project has made me realize that anyone can make a difference. Seeing what Arzu is doing in Afghanistan has caused me to look closer at what can be done in our own backyard."



"Being part of this amazing project has made me realize that anyone can make a difference."

Kimberle Frost
Executive creative director
DesignTex

SUSTAINABILITY METRICS

Making progress transparent

Planet
Drives sustainable performance

People
Work environments that nurture people and the planet

Profit
Adding value for customers while improving our performance

part of our organization is committed to it. So it's important that our investments in products are fully in line with our environmental and safety goals," says Davis.

Establishing the metrics was a collaborative effort. The end result was a set of key performance measures that are actively reviewed and discussed quarterly in Business Review sessions. The purpose, says Davis, is to maximize the value of the relationship for both organizations by clearly defining excellence and identifying areas for continuous improvement. The reviews go beyond a quick flip through spreadsheets: as important to Chevron as the goals themselves is understanding how they're being achieved.

Chevron was seeking metrics that were different from those Steelcase routinely collects. So at the onset Deborah formed a cross-functional committee to get the required information, and from there the questions started flying fast — for example, if the goal is to purchase products that are indoor air quality certified, how do we get to the goal?

"At the beginning, it was difficult. We met every two weeks and it still wasn't enough. Behind each door there were three more doors to get us where we needed to be. But once we started really looking at the data, we could begin to see ways to

get better. It really is true that what gets measured gets done."

Today that committee is a close network of people within Steelcase who continue to collaborate to rapidly uncover information and solve customer problems. By focusing on internal metrics, we can measure the impact of customer's decisions. It helps understand where they place value, and it creates dialog about what we're doing and why. As work progresses at Steelcase to automate reporting to a full depth of detail, custom reporting for customers underscores our solid commitment to the platforms of materials chemistry, lifecycle assessment and recycle/reuse. Since 2008, customer requests for customized metrics reporting have quadrupled.

Sustainability comes naturally for Deborah. Spending summers on her grandfather's farm, she learned firsthand the importance of crop rotation as a means to make sure the soil stays enriched.

"You don't destroy what's important to you. Sustainability isn't just about checking off a box or showing a pie chart you flash through. It's a continuous commitment to learning, sharing and applying new information."

"The rigor of measurements always keeps it fresh and new."

Measurement is the conscience of good intentions. Among Steelcase customers, Chevron has raised the bar on sustainability to a new level by including metrics in their furniture purchase agreement and reviewing key performance indicators every quarter during business review sessions.

For Deborah, Chevron's high standards provide another way that Steelcase can add value and make a difference.

"By collecting and analyzing every detail down to the finish level about the furniture products they purchase, we're able to help Chevron achieve their sustainability goals. It's an important part of their core values and beliefs, and they make it clear that it also needs to be important to the companies they work with."

The goals are all part of "The Chevron Way," says Elizabeth Corless Davis, who is responsible for the relationship with Steelcase in her role as Global Category Manager for Chevron Business and Real Estate Services, a division of Chevron U.S.A., Inc. Beginning in 2009, Davis worked with Steelcase to establish new measures for performance.

"As one of our foundational values, we place the highest priority on the health and safety of our workforce and protection of our assets and the environment. Every



"The rigor of the measurements always keeps it fresh and new."

Deborah Tessier
Global Accounts Manager
Global Client Collaboration
Steelcase Group

GLOBAL ENVIRONMENTAL METRICS

Careful measurement is key to managing impact

Reducing our environmental footprint globally by 25% by 2012 means keeping careful watch on our greenhouse gas emissions, water consumption, energy use, and waste.

These charts track our progress.

