



**Herman Miller Better World Report**  
Our Journey Toward a Better World



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## New goals, new organization, collective future: A message from CEO Brian Walker

Our world seems to be ever more integrated—geographically, culturally, and economically. Since the 1980s when we were one of only a few companies to explore environmental programs, we have come to believe that only through collective action can we truly make a difference. Nothing exists—or can be done—in a vacuum. No organization can exist very long without a larger purpose. We have learned those lessons over the past 100 years.

Working toward a better world has been a goal here since for almost 100 years. We put together this report every year to let you know how we're doing in our four dimensions of moving toward a better world—community service, inclusiveness and diversity, health and well-being, and environmental performance.

This past year, we reorganized our contributions of time, talent, and financial support into an employee-led, grass roots program called Herman Miller Cares. We hope to involve even more members of our community in directing community service to five areas: Design, Arts, and Culture; Education; Health; Essential Human Needs; and the Environment.

We renewed our commitment to environmental advocacy by focusing our goals in a program called Earthright, which will extend our environmental work to the entire Herman Miller community. We group our goals into three areas: resource smart, eco-inspired design, and community-driven participation. To be a leader requires us to change, and the changes to our environmental goals and programs will give us something ambitious to shoot for and a way of hitting our targets.

Do we always hit the bull's-eye? No, of course we don't. Building a better world is not so much achieving a goal as an everyday fact of life.

Marshalling the global Herman Miller community—including our suppliers and creative network—behind our goals has led to some notable achievements over the past year. We were named for a tenth consecutive time to the Dow Jones Sustainability Index, and for a seventh consecutive time we achieved a perfect score on the Human Rights Campaign Foundation's Corporate Equality Index. We received a Best and Brightest in Wellness Award and were named one of five of Michigan's Healthiest Employers.

My team and I promise to work toward the goals laid out in this report and build on the remarkable achievements made by so many people at Herman Miller over the past decades. I truly hope that this report will give you some ideas about how you can join us.

Thanks,



Brian Walker, CEO, Herman Miller, Inc.



## Who is Herman Miller?

“A business is rightly judged by its products and services, but it must also face scrutiny as to its humanity.”

—D.J. De Pree, founder, Herman Miller, Inc.

Herman Miller is named after a West Michigan businessman who helped D.J. De Pree buy the Michigan Star Furniture Company in 1923. It didn't hurt that Herman Miller was D.J.'s father-in-law. Since Miller had a good reputation for honesty and was well-known in the business community, D.J. renamed the company after him. And we've been Herman Miller ever since.



## Our Legacy of Leadership, Corporate Values, and Community

Herman Miller is well-known for its philosophy of leadership and employee engagement. Our former chairman and CEO Max De Pree wrote about it all in his books *Leadership Is an Art* and *Leadership Jazz*. We call our corporate values “Things that Matter.”

Our corporate mission is simply this: “Inspiring designs to help people do great things.” Our designs and the designers who work with us solve real problems for people and the organizations they work for. We help people work better, serve their communities, and live in a better and more beautiful world.

Herman Miller’s culture results from the collective attitudes, aspirations, ideals, and experiences of the people who work here. We believe that each person at Herman Miller has potential and multiple talents. We also believe that the way we experience Herman Miller as employees is important to our ability to perform at the highest levels—for our customers, our shareholders, and our neighbors.

Our leaders, including our board of directors, take our commitment to building a better world seriously. They review our performance, monitor compliance with ethical standards, and measure their own compensation against their ability to manage our business according to our values.

We have a strong tradition of employee engagement at Herman Miller. Most of us own stock, and we work together to delight our customers with great design reliably delivered.



## Our History of Design and Innovation

For over 75 years, we have worked with some of the most outstanding designers in the world—Gilbert Rohde, George Nelson, Charles and Ray Eames, Alexander Girard, Isamu Noguchi, Robert Propst, Bill Stumpf, Studio 7.5, and Yves Béhar. They have taught us a habit of mind that begins with a problem, researches possibilities, and produces a durable and beautiful solution. That is our view of design.

This way of thinking about design has led us to be innovative in many parts of our business. Our environmental advocacy continues to lead our industry. Our graphics and communications are distinctive and award-winning. The Herman Miller Performance System, modeled on the Toyota Production System, innovates every day and delivers our products dependably around the world. We also innovate in our human resource programs to make the employee experience at Herman Miller fulfilling and productive.

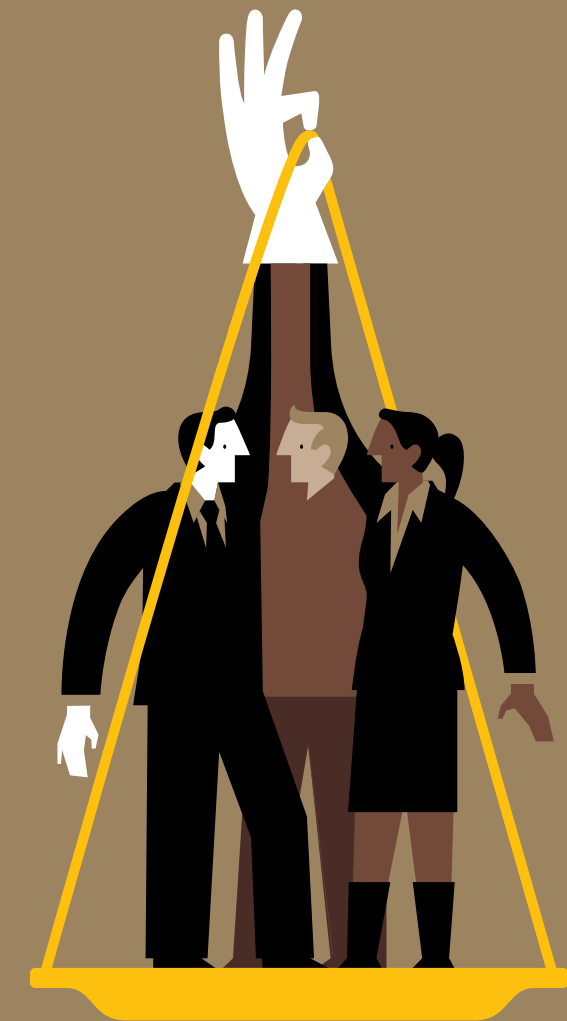
Above all, our design thinking has led us to help people do great things, a goal that requires not only sustainable business practices, but community service, health and well-being, safety, and inclusiveness and diversity.

## When we think about building a better world around you, we organize our work into four areas:

Community Service  
Inclusiveness & Diversity  
Health & Well-Being  
Environmental Advocacy

In working in these areas, it boils down to building community—with you and around you, in your work space and in your neighborhood, among family and among colleagues, in our backyard and around the world. Read on to see how we've done in the ongoing process of meeting our goals.





## Community Service

We take community service seriously. Our employees seek out volunteer opportunities in the community, and we allow each of them 16 paid hours a year to work with the charitable organizations of their choice.

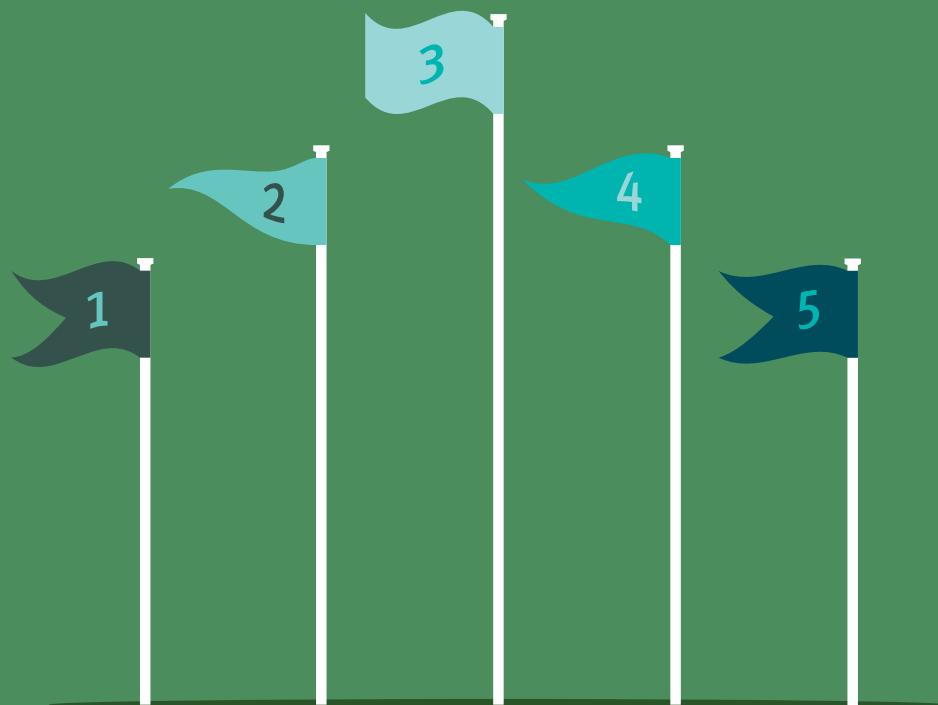
Herman Miller people regularly take part in initiatives ranging from highway and river cleanups to youth mentoring programs. Herman Miller sets goals for the number of employee volunteer hours we contribute annually to our communities. In May 2013, we recorded a three-year total of 49,577 volunteer hours on the parts of all Herman Miller employees, surpassing our goal of 45,000. We report our progress in meeting these goals to the CEO.



## Herman Miller Cares

The founder of Herman Miller, D.J. De Pree, believed strongly that we have a debt to the communities we work in, live in, and serve in around the world. For decades we have made sizable contributions to nonprofits from Boys and Girls Clubs to Habitat for Humanity. This past year, we reorganized the contributions of our time, talent, and financial support into five areas: Design, Arts, and Culture; Education; Health; Essential Human Needs; and the Environment. We call this program Herman Miller Cares.

Five employee-led “boards” research organizations needing our help and contributions. So far this year we have aligned ourselves with organizations from West Michigan and Mexico to Bangalore and Burundi.



### **All City Canvas**

Struck with their goals of bringing art to the urban landscape and sparking creativity there, we supported All City Canvas in a project to paint murals on The Hub building in a gritty neighborhood of Mexico City. The artist, Augustine Kofie, holds workshops (facilitated by Herman Miller employees from our office there) to involve residents and local artists. Their grassroots approach inspires us all.

### **Water Conservation and Reforestation**

The Environment Committee is partnering with organizations that are addressing the critical issues of water conservation and reforestation. Our regional partners will offer opportunities for Herman Miller employees to make a significant impact in their communities.

- Outdoor Discovery Center—Macatawa Greenway—supporting property restorations and ongoing environmental monitoring of two of the four most polluted tributaries in the Holland/Zeeland community
- Alliance for the Great Lakes—initiatives geared towards improving the water quality of Detroit's lakefront and supporting Adopt-a-Beach™ events in Sheboygan, WI, and Chicago, IL
- Teach for the Watershed—providing watershed education to teachers and students in West Michigan through interactive, place-based education
- Sherwood Institute—restoring and protecting the lakes of Bangalore, India
- Plant with Purpose—reforesting a zone within Burundi's Lower Muyovozi River watershed that is home to an estimated 1,000 households and 6,445 individuals

### **Cholera Clinic in Haiti**

Partnered with MASS Design from Boston, a team from Herman Miller researched, designed, and prototyped a bed and chair for cholera patients at the Cholera Treatment Center in Port-au-Prince, Haiti.

### **Charity Softball**

In the summer of 2010, we held our first Charity Softball Tournament to benefit Gilda's Club in Grand Rapids, a free cancer support community. In 2013, we added the Alzheimer's Association of West Michigan as a recipient of contributions. This year, 14 teams raised over \$15,000, bringing the grand total raised to over \$40,000 in three years.

### **Volunteer Hours in West Michigan**

Each year, Herman Miller gives each employee two days to spend supporting a non-profit organization. Three years ago, we set 45,000 hours as a goal. In 2013, we clocked in at 49,577 hours, zooming past the goal. Beneficiaries include: Outdoor Discovery Center, Summit School-to-Career Transition Program, Habitat for Humanity, Boy Scouts of America, 4H Clubs, and Zeeland Public Schools. Assuming an average pay rate of \$22 an hour, this effort translates into over \$444,000 worth of time contributed.

### **Bath Rugby Foundation**

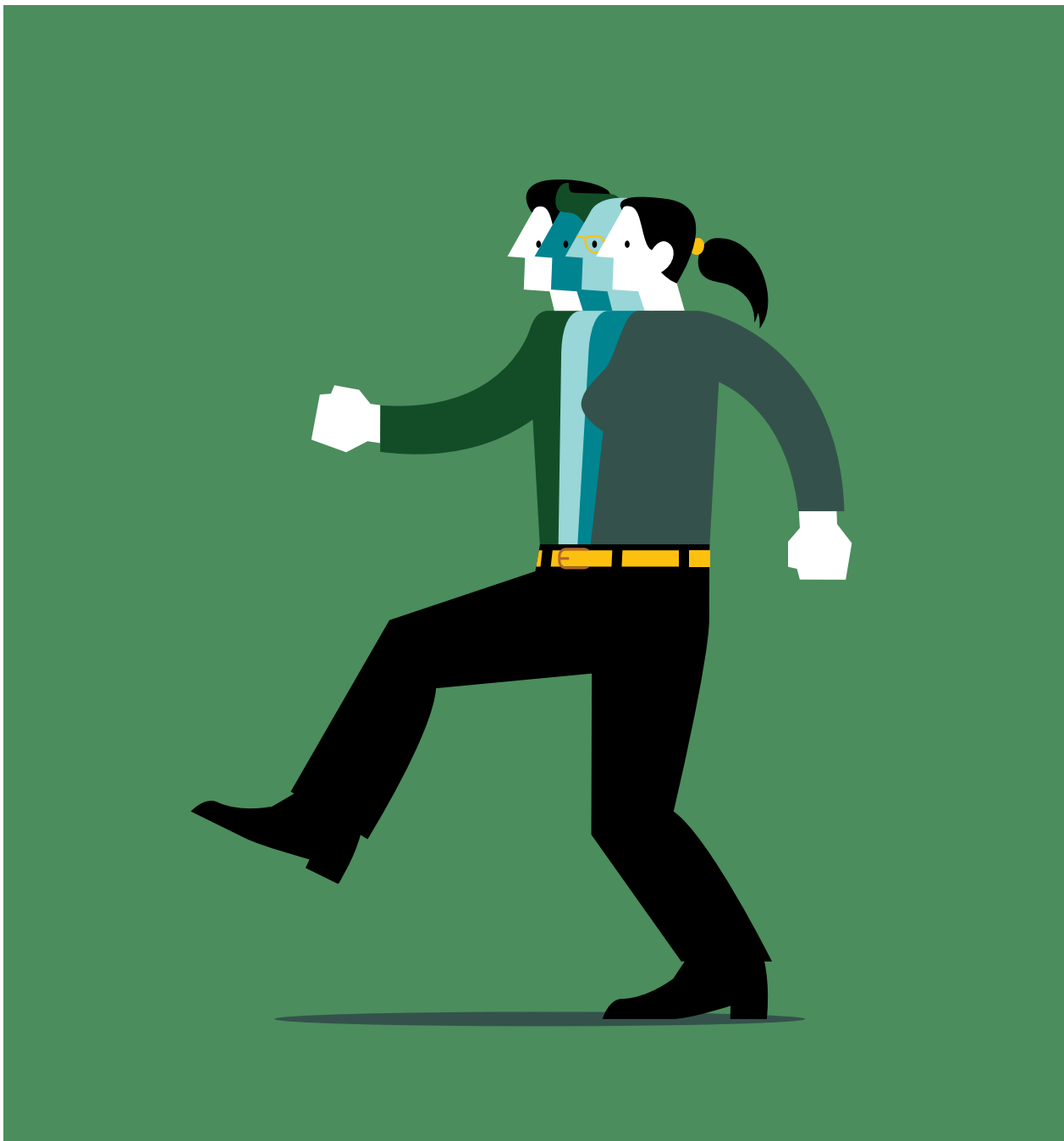
Twenty Herman Miller employees in the U.K. contributed 150 hours to the Bath Rugby Foundation Inclusion Project during 2013, on top of a financial contribution. The volunteers helped specially trained Bath Rugby staff provide a safe environment where children with different needs can develop social awareness and confidence.

### **Advocacy in India**

Volunteers from the Herman Miller team in Bangalore, India, have partnered with the Association of People with Disability to improve nutrition and fitness of local school children. The APD is a 52-year-old organization providing therapeutic services, nutrition aids, education, advocacy, and livelihood training for people with disabilities.

### **Helping Older People and Children in China**

Over 50 volunteers from Ningbo spent 160 hours helping older people at the Daqi Happiness Elder Home and the Luwan Special Needs Education School. The school was founded in 1986 with the concept of "Zero Rejection" and the idea that "Every human has the right to be educated." The students include children ages one to 22 years old with medium to severe intellectual disabilities, infantile autism, and multi-disabilities. The school's curriculum covers three-year preschool education, nine-year compulsory education, and three-year vocational education.



## Inclusiveness & Diversity

“We value the whole person and everything each of us has to offer, obvious and not so obvious. When we are truly inclusive, I believe we go beyond toleration to really understanding what makes us unique and what unites us as human beings.”

**—Brian Walker, CEO, Herman Miller, Inc.**

Inclusiveness & Diversity (I&D) is much more than a social program at Herman Miller. Working to become an inclusive community is both the right thing to do and a business imperative that directly affects our ability to grow as a company. To effectively compete in the global marketplace, we recognize the need to attract and retain the best talent available. An inclusive environment allows our employees to be more innovative and create solutions that best meet the needs of our customers around the world.

## Herman Miller Academy

As part of Herman Miller's Next Generation Workforce Plan, the Herman Miller Academy Program began in January 2012. The Academy allows a group of students in West Michigan to see and experience several different career opportunities in manufacturing and gain skills to prepare them to join the workforce. The program runs each year in three semesters—spring, summer, and fall. We emphasize manufacturing and operations, but students also learn about other careers in the business world. More than 80 Herman Miller employees volunteer as presenters and mentors.



### **Inclusiveness Resource Teams**

Herman Miller has always worked to become an inclusive community. It is both the right thing to do and a business imperative that directly affects our ability to grow as a global company. We know that we are only as diverse as our people, and our Inclusiveness Resource Teams (IRTs) strengthen our commitment to inclusion and champion people and programs. They are important in helping us create a workforce that mirrors the changing face of the world and better serves our customers. When our employees feel welcomed and valued, they engage and produce at a higher level, both in the workplace and the marketplace.

Our IRTs implement initiatives that not only advance our employees and communities, but also help us meet business objectives. They have evolved from informal groups to more structured entities with broad participation. Eight IRTs organize our grassroots efforts in the United States: Asian; Black; disAbility Advocacy; Women Influencing Now; here (LGBT); Hispanic; Veterans; and Educate/Engage. Three additional IRTs (disAbility, Women Influencing Now, and Generational Outreach) organize our international efforts. In the past year, IRTs grew to over 300 members and participated in over 80 internal initiatives and community outreach activities.

We track these activities with the I&D scorecard, which measures our efforts in several critical areas including Whom We Sell To (Customers), Who Does the Work (Talent), Where We Work (Engagement), and Whom We Buy From (Supplier Diversity). Scorecard results are reviewed regularly by the company's senior-level leadership and the Board of Directors.

### **Helping Educate the Next Generation**

The Herman Miller Academy Class II began in January 2013 and expanded to include students from additional area schools. The Academy sparked community action resulting in the September 2013 launch of futurePREP connections. This business-education partnership includes collaboration between the Ottawa Area Intermediate School District, seven local districts, seven local companies, the West Coast Chamber of Commerce, and Lakeshore Advantage. The program supports students in grades six through 13. Programming is by grade level and will be introduced in phases over three school years. By the 2015/2016 school year, this program will be available throughout Ottawa County.

Herman Miller Academy first year class results include:

- All participants graduated from high school, with 16 out of 20 deciding to continue their education; one enlisted in the Marines and three entered the workforce.
- Of the 16 pursuing post-secondary education, Herman Miller provided scholarships for and hired 6 of the students; we are sponsoring them in a local community college and manufacturing partnership program.

The Herman Miller Academy sparked a community model of business-education partnership.

### **Award-winning Supplier Diversity Program**

Since 1990, our supplier diversity program has been central to our business, and we have always worked to build a strong and diverse supplier network. Supplier sourcing and qualification, Tier 2 reporting, mentoring, community and business outreach, and training and education are among the strategies we employ to strengthen these efforts. Our suppliers are true partners in sustainability and the creation of innovative, problem-solving products.

In 2013, we were named for the seventh time in nine years Corporation of the Year in the commercial products sector by the Michigan Minority Supplier Development Council (MMSDC). And on October 17, 2013 the MMSDC named Herman Miller a Corporate ONE Award winner for the tenth consecutive year.

Causes, initiatives, and accomplishments this past year:

- Recognized on the 2013 Working Mother 100 Best Companies list
- Achieved 100 percent rating on our Corporate Equality Index from the Human Rights Campaign (7th consecutive year)
- Hosted 4th Chicago Showroom Pride Celebration
- Initiated William C. Abney Academy Book Drive, Furniture Refresh, and Student Design Competition
- Hosted renowned global activist at Herman Miller and was title sponsor of Hope College MLK celebration
- Hosted Diversity Theatre and auction to benefit Grand Rapids Women's Resource Center
- Participated in International Stand Up to Bullying Day
- Exhibited at the 2nd Annual Asian Professional Networking Event, co-sponsored by the West Michigan Asian American Association, Grand Rapids Kent County Convention/Arena Authority, and the Community Inclusion Group
- Distributed care packages to Herman Miller family members serving in the military overseas
- Sponsored and volunteered at Latin Americans United for Progress Youth Conference
- Provided mobility assistance at annual Herman Miller employee picnic



## Collective Health and Well-being

We believe the health and well-being of our community is a goal for all employees, is integral to our aspiration to create a better world, and is consistent with the way we value the potential of each and every person.

Every organization today struggles to provide healthcare benefits and wellness services to its employees. Herman Miller is no different. Two years ago, our CEO turned the problem over to 150 company leaders. Since then, as usual, collective action has led to some surprising results. Almost 2,000 employees and 300 spouses participated in our wellness challenges in 2013; and we've paid out more than \$200,000 in rewards. The American Heart Association named us a Fit-Friendly Worksite Platinum winner. Our per-employee healthcare costs in 2013 grew at only 1.5 percent, the smallest rate in five years. Overall, healthcare costs for fiscal 2013 are down 6.5 percent.

Best of all? People with chronic problems are getting personalized help, our community is smarter about accessing healthcare at work, and we are healthier, eating better, and more active than ever.

### Healthy You! Wellness Program

Herman Miller is committed to improving the health and wellness of all our employees. We are dedicated to engaging all employees and their families to become more aware of their health and more involved in improving their overall health habits.

As a result of the efforts from many people at Herman Miller, we were named one of Michigan's Best and Brightest in Wellness for 2013. We were also named Michigan's Healthiest Employer for companies with more than 5,000 employees by Crain's Detroit Business and MI Biz.

Our Wellness Community continues to grow, and this year over 80 percent of employees obtained a health screening, "know their number," and earned premium discounts. A variety of Healthy You! Challenges encourage behavioral change through social networking, team activities, and games; 40 percent of employees participated this year. We added additional fitness classes, such as Zumba, this year to accommodate the increased interest from employees and spouses.

Also available are weight-loss programs, a diabetes management program, tobacco cessation resources, health and wellness coaches, and on-site clinics and relaxation rooms.

### Carpooling/Bike Pooling Programs in the U.S.

Several programs help us reduce the amount of fuel we consume, thereby reducing the impact on our wallets as well as the environment. Employees can create either a carpool or bike pool profile including their address, work hours, and whether or not they are willing to drive or are just looking for a ride. Then they log their hours to be entered into a monthly drawing for a \$50 gift certificate. Employees also receive one-time reimbursements including \$500 when purchasing a hybrid or fuel-efficient car, \$100 when purchasing a bike for personal use (or \$25 for a bike tune-up), and \$50 toward an approved helmet for use when riding a motorcycle or scooter.

As of this fiscal year, our fuel savings initiatives have resulted in these savings since the program began in 2008:

- 553,817 miles saved by carpooling/biking
- 239 fuel efficient vehicle reimbursements
- 899 bicycle reimbursements
- \$218,332 reimbursed to employees

### Safety

From the production floor to the office workstation, from stacking products to adjusting seats ergonomically, we focus on safety in everything that we do. Our Corporate Safety Vision is that "Herman Miller will establish a culture where safety expectations are driven by all employees with the understanding that all injuries are preventable." To achieve this vision, we have a program of consistent, verifiable, and ongoing identification and correction of problems and hazards.

Our ongoing goals:

- Zero injuries
- Excellence in safety performance
- Elimination of unsafe behavior

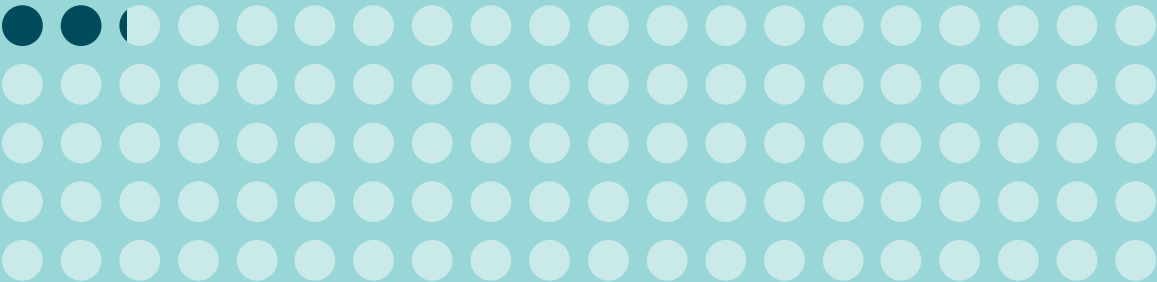
Achievements in Safety

Many of our facilities are recognized by the Michigan Voluntary Protection Program. In addition to our participation in the Michigan OSHA Voluntary Protection Program, our Behavioral-Based Safety (BBS) program helps us work toward our goals. We launched a corporate-wide BBS program in 2006. This innovative workplace strategy reduced on-the-job injuries by 40 percent in the first year. The program relies on interactions and coaching between team members to reduce the kinds of accidents that we believe account for 94 percent of all injuries. Six manufacturing sites have implemented the BBS program.

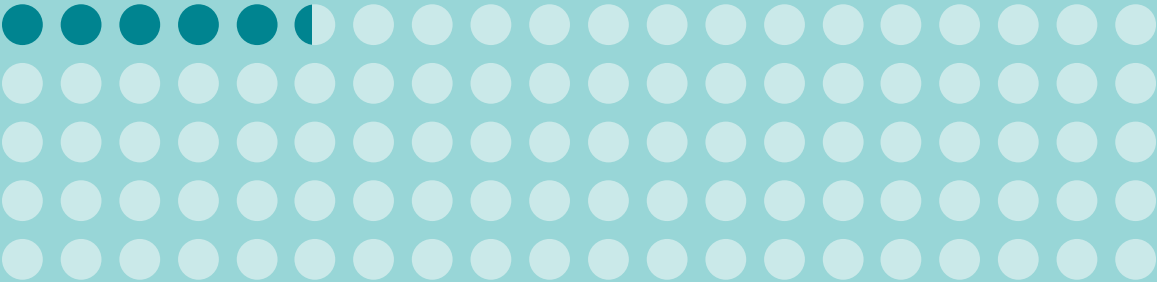
As part of BBS, we train our employees to observe on-the-job behaviors and give feedback. Making feedback a positive experience is critical; a feedback session will determine whether a behavior will be appreciated, supported, and sustained. We believe that getting more people involved in BBS is a key way to reach and maintain zero injuries.

Injury Incident Rate/100 Employees

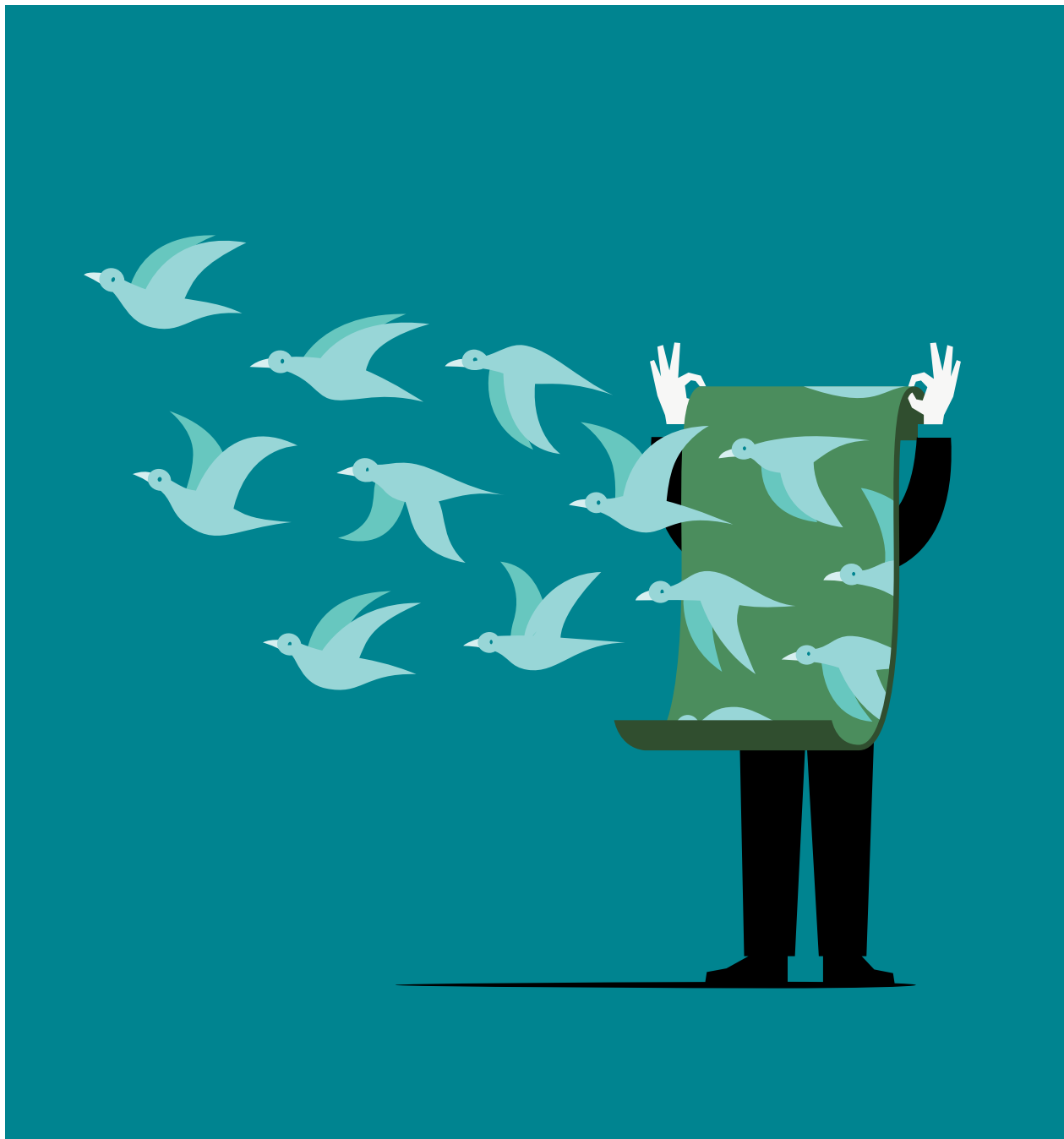
Herman Miller 2.1/100 employees



Industry Average 5.4 /100 Employees







## Environmental Advocacy

Like community service, inclusiveness and diversity, and health and well-being, environmental advocacy at Herman Miller began with corporate values first put into words by the founder of our company, D.J. De Pree. In 1953, D.J. said that Herman Miller “will be a good corporate neighbor by being a good steward of the environment.” We have been working toward that goal ever since.

D.J. also had other ideas ahead of their time—windows in all company buildings, including manufacturing facilities, and requiring that 50 percent of any Herman Miller corporate site be set aside as “green space.” Today, “living with integrity and respecting the environment” are two ways we work to build a better world.

We believe the environment is a cause every corporation should put high on its agenda. Renewing our commitment to the environment has led us to a new strategy for the next ten years called “Earthright.” We have learned a great deal since we launched our Perfect Vision goals back in 2004, and this new vantage point allows us to sharpen our focus. With fiscal 2013 as the baseline, Earthright has three guiding principles: positively transparent, living things, and greener together.

## Earthright

Ten years ago, we put into place a set of environmental goals that included a zero operational footprint. We have sharpened our goals around the smart use of resources, eco-inspired design, and becoming community driven. Our new 10-year sustainability strategy—Earthright—begins with three principles; positive transparency, products as living things, and becoming greener together. Most important, we are finding new ways to involve more employees and suppliers.



- **Positively transparent:** We will share an unprecedented amount of information about the impacts for which we are responsible. We will also share our point of view on human and environmental health and, more important, what we are doing about them to transform our business from a net consumer to a net producer.
- **Living things:** We will create better products and processes to protect everyone's health and well-being, restore the ecosystem, and give back more than we extract. We will do this by applying regenerative design principles. We want to give back more than we take.
- **Greener together:** We cannot solve these problems by ourselves. We must engage our entire community including our employees, customers, suppliers, dealers, salespeople, and the remaining community.

The three themes for our decisions and actions: resource smart, eco-inspired design, and community driven.

- **Resource smart** describes our goals for waste, water, and energy.

**Waste:** We will use better processes to eliminate all waste from our facilities. We have a zero waste goal, and we won't stop until we get there.

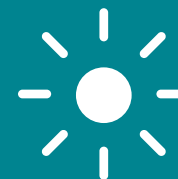
**Water:** Driving toward net zero water, we will manage our water well (using only what we need), looking to reduce and eliminate any unnecessary water use. We will also return clean water to nature.

**Energy:** Our long-term energy plan is to renewably power our facilities with a combination of on-site and local generation. We believe it is important to encourage the creation of renewable energy and to access it locally. Equally important is efficient consumption. We will use only renewable forms of energy and will be as efficient as possible, removing any wasted forms of energy.

- **Eco-inspired design** means that we will design products to use materials with safe chemistry, include only recycled and/or bio-based materials, minimize life cycle impacts, and be part of a closed-loop recycling system. Design is important at Herman Miller. We continuously ask ourselves if we have made the best choices in our products. Doing so gives us the confidence that we are building the most useful and beautiful products possible.

- **Community driven** means that we will engage our suppliers and continue to build on our history of employee engagement. This past year, we have launched Team 53 charged with empowering our employees to contribute creative ideas to inspire others to make Herman Miller a great place to work and to make this a better world.

Our revised policy and goals are based upon—and driven by—the Earthright principles and themes.



Resource Smart



Eco-inspired Design



Community Driven

## Our Safety and Sustainability Policy

At Herman Miller, we approach safety and sustainability in two ways.

From the top down, we set goals for safety and sustainability and make performance to these goals part of our CEO's scorecard. From the bottom up, we empower people with a passion for wellness and responsibility to lead by example and through organized programs. These approaches meet in the middle, always striving to improve through commitments to:

**Living, Working, and Being Safe:** Promoting safety knowledge, well-being at work and at home, and the prevention of injuries and ill health.

**Being Resource Smart:** Preventing pollution, eliminating all forms of waste, and using all resources efficiently.

**Being Eco-inspired:** Advocating for more sustainable products with safer material chemistry.

**Being Community Driven:** Sharing best practices with all stakeholders and going beyond compliance with regulations and other requirements.

## Community Driven

We live in a global community and understand that we have a responsibility to model sustainable practices to ensure the continued success of our business and the planet. We have made strides in reducing our corporate footprint. We have learned over the years, however, that for most products over 80 percent of the total environmental impact is hidden in our supply chain. So we asked 22 suppliers to support our mission and will continue to ask more to join us. In addition, the overall footprint our employees leave is twice that of the corporate one. Every employee can make a huge impact. We know that we can't reach our goals without every single employee pulling in the same direction.

## Community Driven: Employee Engagement

In 1989 a group of our employees launched the Environmental Quality Action Team (EQAT) and worked with senior management to elevate environmental advocacy in Herman Miller's corporate agenda. This grassroots effort has ensured that being mindful of the environment extends to all groups and all parts of Herman Miller. Site Safety and Sustainability Specialists meet regularly with their respective site teams to share information and ensure that Herman Miller's environmental management system requirements are maintained.

In 2012, we recognized the need to build upon our employees' long history of environmental advocacy by creating a new team that will go above and beyond our goal attainment. Named "Team 53" in honor of the year our founder declared we will be "a good steward of the environment," this team was officially launched in early fiscal 2013. The team is charged with re-engaging our employees to bring their creative ideas forward to inspire others to build a better world.

Team 53 hosted our annual Earth Hour event in 2013. Employees were asked to pledge their commitment to Earth Hour by turning their lights off for an hour on Saturday, March 30, 2013, at 8 p.m. Over 380 employees participated, each having a chance to win one of several gift cards and LED light bulbs. We also turned the lights off for an hour on the preceding Friday, March 29, 2013.

Again in 2013, as part of our annual Earth Day events, employees brought in their own recyclable waste from home (newspapers, paper, metals, etc.) and the \$1,500 proceeds were donated to the Juvenile Diabetes Research Foundation.

Our employee engagement goal for fiscal 2014 is to have had 600 employees actively engaged throughout the year. We are currently tracking and look forward to reporting our progress in our next report.

## Community Driven: Supplier Engagement

We reported last year that we had asked a sampling of core suppliers to commit to a long-term date to get to a zero footprint along with Herman Miller. They must track and show an ongoing reduction in their air emissions, landfill, process water use, energy, and hazardous waste. We also evaluated suppliers on how they are supporting our efforts to reduce the amount of environmentally harmful chemicals from our products or how they help us improve our use of sustainable practices. Most suppliers enthusiastically jumped on board. One even took our zero waste goals to their suppliers.

More suppliers became engaged in fiscal 2013. At the end of fiscal 2013, we had over 65 percent of the suppliers engaged. One supplier, as a result of their participation, even achieved zero landfill and 100 percent renewable electrical energy.

Our supplier engagement goal for fiscal 2014 is to have 75 percent (by spend) of our suppliers engaged. On-line reporting, that will also serve as an analytical tool, is under development. As we see more suppliers joining us, we are confident that we will achieve our fiscal 2014 goal as well as our ten-year goal of having all of our suppliers committed to supporting Herman Miller's Resource Smart goals.

## Resource Smart: Waste

### 10-year Earthright Commitment:

#### Zero waste by fiscal 2023

We will work to eliminate all types of waste from our facilities. We will work towards zero discharge at all of our facilities, and we won't stop until we get there.

We have seven facilities that have achieved—and continue to maintain—zero landfill. These include the GreenHouse, the Design Yard, Marigold Lodge and the Midwest Distribution Center in Holland, Michigan; Hickory in Spring Lake, Michigan; Geiger International in Atlanta, Georgia; and Ningbo, China. Since we started tracking our waste footprint in 1994, we have reduced it over ninety percent.

This past year, we continued to reduce our overall operational footprint. We saw a one percent improvement over fiscal 2012, taking us to a 91.8 percent reduction from our 1994 baseline year. This improvement is due in large part to gains from reductions of air emissions and water usage.

- Air emissions decreased by 13 tons from fiscal 2012.
  - Hazardous waste increased 11 tons.
  - Landfill decreased by 78 tons.
  - Process water use decreased by 4 million gallons. Shy of goal, this was a three percent improvement.
- This year, as part of Earthright, the theme “Resource Smart” includes three parts: Waste (including air emissions, hazardous waste, and solid waste to a landfill), Water, and Energy. Here are a couple of notable enhancements:
- Water now includes total water consumption with a net zero goal.
  - Energy now is broken out into two parts: a) our energy intensity, measured as megawatt hours per one million dollars in sales and b) local renewables.

	2010 METRIC TONS*	2011 METRIC TONS*	2012 METRIC TONS*
<b>Total Scope 1 Emissions •</b>	<b>21,799</b>	<b>19,279</b>	<b>16,879</b>
Stationary Combustion OWNED AND LEASED	17,262	15,812	13,672
Local Fleet NORTH AMERICA	2,739	2,762	2,519
Company Vehicles	1,119	319	390
Combustion Emissions OUTSIDE NORTH AMERICA	679	386	298
<b>Total Scope 2 Emissions •</b>	<b>60,260</b>	<b>62,049</b>	<b>59,914</b>
Purchased Electricity OWNED AND LEASED – NORTH AMERICA	58,183	59,915	56,889
Purchased Electricity Emissions OUTSIDE NORTH AMERICA	2,077	2,134	3,025
<b>Renewable Energy Certificates</b>	<b>59,154</b>	<b>58,558</b>	<b>56,889</b>
<b>Total Scope 3 Emissions</b>	<b>33,467</b>	<b>36,339</b>	<b>35,451</b>
Product Delivery NORTH AMERICA	28,221	31,327	30,074
Business Travel NORTH AMERICA	5,246	5,012	5,377
<b>Biomass •</b>	<b>16,265</b>	<b>17,870</b>	<b>18,743</b>
CO <sub>2</sub> from Biomass** NORTH AMERICA	16,265	17,870	18,743

\* Metric tons of CO<sub>2</sub>e (CO<sub>2</sub> equivalent)

\*\* Wood waste at Energy Center and biodiesel

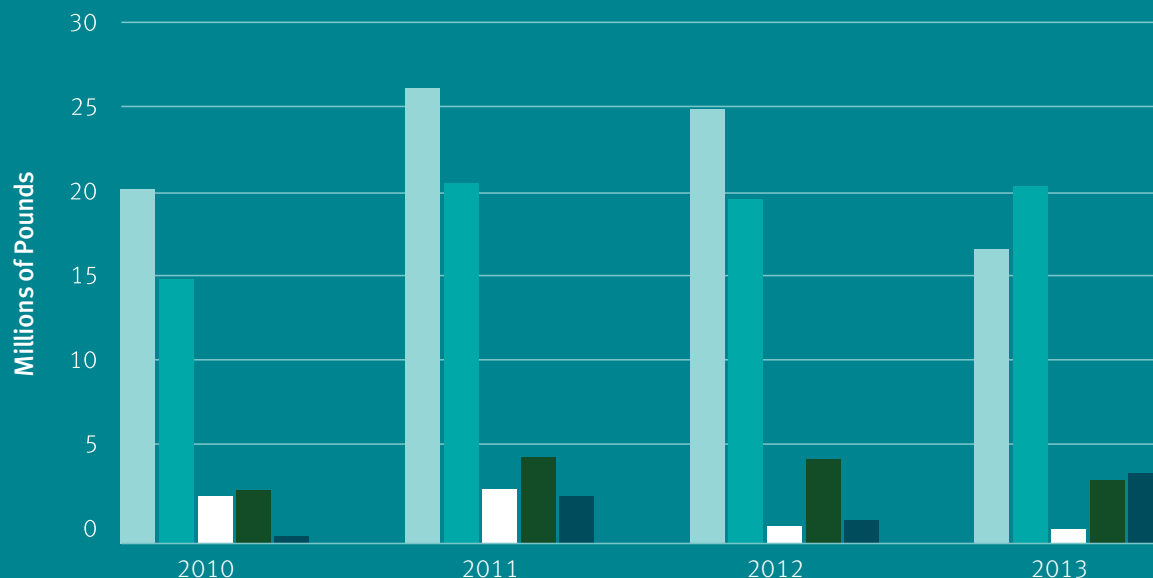
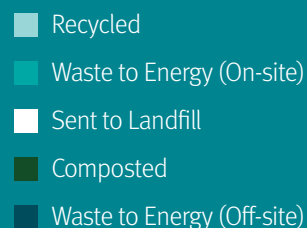
• Third-Party Verified

Note: 100 percent of our greenhouse gas emissions from electricity and 65 percent of our total emissions were offset by RECs.

Note: The purchase and retirement of 135,532,000 kWh of RECs were third-party verified

Note: Our 2012 worldwide Scope 1, Scope 2, and Biomass emissions have been third-party verified

## Non-Hazardous Solid Waste



### Resource Smart: Waste—Air Emissions

Since 1994, Herman Miller has reduced air emissions by 87 percent. In 2013, we reduced air emissions by another 13 tons. Although just shy of meeting our goal, this was over a 4 percent improvement from last year. This improvement was partly due to the consolidation of operations within Nemschoff, our healthcare subsidiary that eliminated two finish lines.

### Resource Smart: Waste—Hazardous Waste

Herman Miller has reduced hazardous waste by 90 percent from the 1994 baseline year. In 2013, we saw another increase of 11 tons, or three percent over the previous year. In last year's report, we reported an increase of 5.8 tons due mainly to sodium bicarbonate used at our Energy Center (to counter hydrochloric acid found in the emissions). Testing done on this sodium bicarbonate identified unknown metals; the increased concentration of metals made this

hazardous. Throughout this past year, we continued to look for—and successfully found—an alternative to eliminate the hazardous nature of the waste. So, this source of hazardous waste has been eliminated. All-in-all, the number of our facilities that release toxic chemicals, defined by the EPA's Toxic Release Inventory, has been reduced from seven to one, and the number of toxic chemicals that we use in our facilities from twelve to two.

### Resource Smart: Waste—Solid Waste to Landfill

Since 1994, we have reduced material sent to landfills by 97 percent from the 1994 baseline year. Although below goal, we reduced material sent to landfills by 78 tons, a one percent improvement, over last year. We continue to work on creative ways to eliminate all solid waste going to a landfill. This includes preventing pollution and reducing waste up front. We recycle as much as possible, resulting in recycling income of over \$2 million.

Although we send waste to waste-to-energy facilities, including our on-site Energy Center and off-site facilities, we look to reduce this amount by improving our recycling and reuse efforts. Again, our goal is to make sure that we are recycling everything possible. These efforts were encouraged by a total waste reduction competition among our sites. The winning site for fiscal 2013 was Nemschoff in Sheboygan, Wisconsin.

In fiscal 2013, we stepped up our composting activities that now include the food wastes from our various sites' kitchens and all of the paper towel waste from the washrooms. Last year, we composted over 4.3 million pounds.

Last year, we continued to improve Nemschoff's less mature zero landfill program. We also continued to work on the last few remaining items including the fly ash from our on-site Energy Center, burnoff ash from powder coat paint hooks, and vinyl (with a backing used for seam strength) that cannot be recycled due to its mixed composition.

## Resource Smart: Water

### 10-year Earthright Commitment:

#### 50 percent less water (30M gallons) by fiscal 2023

We will work to become as efficient as possible with our water usage. We understand that water is a precious resource and must be managed both globally and locally. We have a responsibility to use it wisely, ensure that we are not taking it faster than it can be replenished and that it is returned clean to nature. We will research water-free processes and look for ways to reduce or eliminate unnecessary water use.

We saw a three percent improvement last year. This means we have had an 84 percent reduction in process water use compared to the 1994 baseline. In actual terms, we reduced water usage by nearly four million gallons. These savings came mainly from replacing our autophoretic paint process with a powdercoat paint process.

Our Earthright goal is net zero water. We will use only what is needed and return it clean. Last year, we reported we had found that some projects that either did not make sense financially or were nearly physically impossible to achieve. These realities caused us to step back and reexamine our efforts. Our reduction goal for total water consumption is a 50 percent reduction over ten years. This will conserve 30 million gallons.

## Resource Smart: Energy

### 10-year Earthright Commitments:

#### 50 percent reduction in energy intensity (mwh/\$mil sales) by fiscal 2023

#### 50 percent more local renewables (50,000 mwh) by fiscal 2023

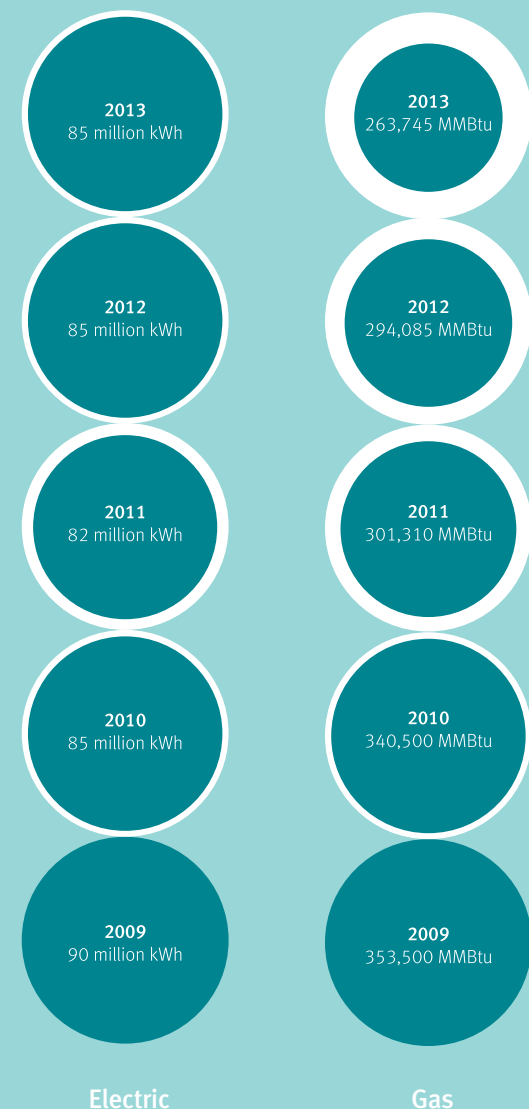
Our long-term energy plan is to power our facilities through a combination of on-site and local renewable generation. We believe that it is important to support the creation of green power and to access that locally in places (communities) where we work and live. Today 100 percent of our electricity is offset through the use of RECs (Renewable Energy Credits). We believe that we can do better by entering into PPAs (Power Purchase Agreements) that do more to support the generation of renewable energy.

Just as important as the source is the elimination of all wasted energy. We are always going to consume energy, but we want to make sure that we are being as efficient as possible. To that end, we have set the ambitious goal of reducing our energy intensity as measured by units of energy consumed per total sales dollars. We realize there are many ways to measure this intensity, but we are starting with this metric to drive change through our organization.

Our aspiration is net zero energy. We plan to decrease our energy intensity (expressed as megawatt hours per \$million sales) by 50 percent and add 50,000 megawatt hours of local renewable energy. We are tracking against these goals and look forward to reporting our results next year.

We have been focused on actual energy reductions. We have renewable energy and energy intensity goals, and these are really metrics for carbon. Therefore, we have not set a goal for carbon.

## Energy Use





Last year, we achieved energy savings over \$650,000. Our most successful energy efficiency projects have focused on the continued updating of our factory lighting systems, adding variable frequency drives to motors, updating our building controls, and using local utility rebate programs to improve the efficiency of building and production systems.

We continue to third-party verify our greenhouse gas emissions worldwide. Since 2007, we document our carbon footprint using the World Resources Institute and the World Business Council for Sustainable Development (WRI/WGBCSD) Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition), The Climate Registry General Reporting Protocol (version 1.1, May 2008), and The Climate Registry General Reporting Protocol 1.1 Updates and Clarifications (31 January, 2012). We use emission factors provided by the Climate Registry's General Reporting Protocol to calculate our Scope 1 direct greenhouse gas emissions under our control—our natural gas usage and local fleet emissions. Scope 2 indirect emissions are calculated from our purchased electricity. We have also included a limited amount of our Scope 3 (optional) indirect emissions from our product distribution process and our corporate business travel. We believe it is important to report a portion of our optional emissions because shipping goods to our customers is a big part of our business. We will continue to track and include optional emissions from product delivery miles and business travel (Scope 3).

Since May 2010, we have been using 100 percent renewable electrical energy in all our facilities worldwide by purchasing certified Renewable Energy Credits (RECs) and continuing a long-term Power Purchase Agreement (PPA) with our local electric provider. This continued for fiscal 2013. We source Renewable Energy Credits from multiple suppliers: Native Energy, Green Mountain Energy and Sterling Planet. We also have a Purchase Power Agreement (PPA) with alternative energy supplier Wolverine Power Marketing Cooperative.

The PPA from Wolverine Power is a contract for 100 percent wind generated energy from the John Deere Harvest Wind Farm located in Huron County, Michigan. This contract represents another 24,000,000 kilowatt hours annually. The 3-year energy supply contract began on January 1, 2008, and serves 100 percent of the electric needs of our 171st and Hickory facilities. At the time of the contract signing, it represented the largest single wind energy contract ever recorded in Michigan for a non-utility customer. Our current PPA contract with Wolverine Power Marketing Cooperative is a 5-year, 30,750 megawatt hour contract which began January 1, 2013.

For calendar year 2012, we purchased over 84,000 MWh of RECs to offset 100 percent of our electrical energy use worldwide. Savings from energy efficiency suggestions from our employees covered the additional expenses we incurred in purchasing RECs.

The Herman Miller Energy Center generates 92 percent of the energy needed for heating and cooling the Zeeland, Michigan Main Site's manufacturing operations from the incineration of wood waste.

As part of our environmental advocacy, we try to create products that reduce energy use for our consumers. LED technology in the Flute personal light uses 30 to 50 percent less energy than traditional task lights. The Twist LED Task Light uses 45 to 60 percent less energy than traditional under-cabinet fluorescent task lights.

### Resource Smart Summary

We were pleased with the overall reduction in our operational footprint last year, ending up with a 92 percent reduction in the original 1994 goal. We expect to see a continued reduction next year.

We are measuring these results in support of our new Earthright strategy: Resource Smart goals for Waste (air emissions, hazardous waste, and solid waste to a landfill), Water, and Energy. We look forward to reporting our waste numbers as well as against the new metrics for water and energy next year.



## **Eco-inspired Designs:**

### **Design for the Environment (DfE) Initiative**

#### **10-year Earthright Commitments:**

**100 percent DfE-approved products**

**100 percent level 3 certified products**

**Divert 125,000 tons of product/year**

We believe that good design is important. Good design at Herman Miller includes asking the question, “Have we made the best choices possible?” Only by continuing to ask that question, can we be confident that we are making better products. Our Design for the Environment Team has focused on three key areas: material chemistry, disassembly, and recyclability. In order to encompass more of the product life cycle, we are now including a fourth area, the life cycle impacts from our supply chain in what we are calling DfE 2.0. We are raising the bar in what we demand from our products and still working towards the day when everything that we sell meets our DfE protocol.

Good design also includes thinking about how to recycle used products. Our program, rePurpose, gives new life to furniture that’s no longer needed. We provide one source for dispensing furniture assets to reduce your environmental footprint.

Designing our products with consideration for their environmental impact is a central corporate strategy. We’re focused on incorporating environmentally sustainable materials, features, and manufacturing processes into product designs. Our goal for 2013 was 65 percent of all product sales coming from DfE-approved products; we achieved 65.7 percent.

As part of DfE, full life cycle assessments (LCA) have been conducted for major product categories/product lines representing 79 percent of revenues. LCA is a tool that, from raw material extraction through end of life management, identifies environmental impacts assignable to products and services. LCAs help to quantify how much energy is used and the effects of that energy use in several impact categories.

Since we try to incorporate recycled materials into all of our products, we carefully monitor each product’s weight and the percentage of recycled content used. We work to balance a high percentage of recycled content with our desire to provide the most environmentally safe materials.

We work toward the day when we use no new molecules to make our products. We envision a time when virgin resources are not taken from the ground in order to produce the products that we make, but instead rely on materials either from the techno sphere (materials that were previously incorporated into an existing product that has reached the end of its life) or bio-based renewables as raw materials.

The development of DfE 2.0 continued throughout fiscal 2013, and we are launching DfE 2.0 during fiscal 2014. We strive to use materials with the safety material chemistry and only recycled and bio-based materials; we design our products to minimize the impacts of their life cycle; and we want our products to be part of a closed-loop recycling system.

#### **BIFMA Level Certification**

BIFMA level™ is the certification program for the BIFMA e3-2008: Business and Institutional Furniture Sustainability Standard (BIFMA e3). It has been created to deliver the most open and transparent means of evaluating and communicating the environmental and social impacts of furniture products in the built environment. At the end of fiscal 2013, 62 percent of our product lines were level certified, with 18 percent at level three certification.

#### **GREENGUARD Certification**

Herman Miller’s major lines of furniture, seating, and storage, including Meridian products, have achieved GREENGUARD Gold certification. GREENGUARD Certified products are certified to GREENGUARD standards for low chemical emissions into indoor air during product usage. For more information, visit [ul.com/gg](http://ul.com/gg).

## **Wood from Responsibly-managed Forests**

We acquired Forest Stewardship Council™ (FSC®) Chain of Custody Certification at our Zeeland, Michigan, Main Site manufacturing facility in 2007. In 2011, we expanded the scope of our certification to include our Spring Lake, Michigan facilities making filing and storage products. In May 2013, Herman Miller began offering many standard laminate and veneer worksurfaces and storage products with wood fronts and tops as FSC® certified products. The detailed list of products, with exceptions, may be found on the “Certified Wood” page of Herman Miller’s website.

Herman Miller subsidiary Geiger International’s Fulton manufacturing facility in Atlanta, Georgia, was granted FSC Chain of Custody Certification in 2009. Geiger can offer FSC certified products manufactured at the Atlanta facility.

#### **ecoScorecard**

In 2010, Herman Miller became the first large contract furniture manufacturer to incorporate ecoScorecardSM into its product catalog. [Herman Miller ecoScorecard](#) is a free, web-based technology platform providing environmental information and sustainability documentation about products for all major green building rating systems. We continue to work to expand our product catalog on ecoScorecard to make pursuing LEED certification easier for our customers.

#### **Fiscal 2013 in Review**

Fiscal 2013 was a successful year showing overall improvement. Our environmental footprint was reduced by one percent. In other words, our reduction to our 1994 baseline year increased from 91 to 92 percent. Sales from Design for the Environment-approved products rose by six percent over fiscal 2012.

**Visit us on Facebook**

[www.facebook.com/hermanmiller](http://www.facebook.com/hermanmiller)

**Follow us on Twitter**

[www.twitter.com/hermanmiller](http://www.twitter.com/hermanmiller)

We hope our Better World Report will give you some idea of the scope of our efforts to make the world a better place. We update this report annually. We make every effort to respond to all Global Reporting Initiative (GRI) disclosures; we report additional GRI data on [hermanmiller.com](http://hermanmiller.com).

We welcome your feedback on this report. Send your comments to the [environmentalaffairsgroup@hermanmiller.com](mailto:environmentalaffairsgroup@hermanmiller.com).

For more information about our products and services or to see a list of dealers, please visit us at [hermanmiller.com](http://hermanmiller.com) or call 800 851 1196.

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® GREENGUARD is a registered trademark of UL Environment

™ level is a trademark of BIFMA International.

™ HealthAdvocate is a trademark of HealthAdvocate, Inc.

SM ecoScorecard is a registered service mark of ecoScorecard, LLC.

® FSC® is a registered trademark of the Forest Stewardship Council™.

Only the products that are identified as such in this document are FSC certified.

Illustrations by Aad Goudapple



**Additional Data From The Better World Report**  
Global Reporting Initiative Index



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## Strategy and Analysis

### CEO Statement

1.1

3

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### Key impacts, risks, and opportunities

1.2

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This is Herman Miller's eighth Better World Report, our effort to document not only what we do that relates to environmental activities, but also relevant social and financial initiatives. It's also a direct response to requests from our customers, dealers, and other stakeholders. In preparing this report, we followed guidelines issued by the Global Reporting Initiative (GRI). In this report we have expanded our focus from Herman Miller's North American operations to a more global scope. Our environmental data includes subsidiaries and leased facilities that we manage.

We closely monitor the statistics reported by BIFMA (Business and Institutional Furniture Manufacturers' Association), our industry trade association, and consider them among the key indicators of industry-wide sales and order performance. We also analyze this information over several quarters as a benchmark for our U.S. business.

More information on our core strengths and business conditions is available on pages 16–19 of our annual report (10-K) found at:  
[hermanmiller.com/annual-reports](http://hermanmiller.com/annual-reports).

## Organizational Profile

### Name of the organization

2.1

3–5

### Primary brands, products, and/or services

2.2

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Through innovative research and design, and in partnership with our subsidiaries and allied companies, Herman Miller offers:

- Office furniture systems and accessories
- Seating for business, healthcare, home, and higher education environments
- Freestanding furniture and filing and storage products for business, healthcare, home, and higher education environments
- Clinical and laboratory furniture and systems for healthcare
- Residential furniture
- Modular and programmable power infrastructures for buildings

For more, please visit [hermanmiller.com/products](http://hermanmiller.com/products).

### Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures

2.3

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### Location of organization's headquarters

2.4

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Our world headquarters is in Zeeland, Michigan.

### Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report

2.5

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Herman Miller is a global company with operations, sales offices, dealers, and licensees in more than 40 countries in North America, Asia/Pacific, Europe, Middle East, Africa, and Latin America, serving customers virtually anywhere in the world. Our manufacturing facilities are located in the U.S., China, Italy, and the United Kingdom.

### Nature of ownership and legal form

Herman Miller uses a variable-cost business model designed to weather the peaks and valleys of the contract furniture industry. It's a "both/and" approach that keeps us healthy in the present and prepared for the future. Our model is built on cost structure that is not vertically integrated—in other words, we partner with suppliers, designers, dealers, and other companies, rather than bringing the work they do for us—and its attendant costs—in house.

Herman Miller, Inc., has been a publicly held company since 1970 and serves as parent to several wholly-owned subsidiaries and licensees around the world. Our shareholders include full-time Herman Miller employees, who are to create wealth for the organization while maintaining our set of values.

For information about our Executive Team, corporate divisions, subsidiaries, markets, and alliance partners please visit our proxy statement, and annual report (10-K) at [hermanmiller.com/annual-reports](http://hermanmiller.com/annual-reports).

We rely on the core strengths of problem-solving design and innovation, operational excellence, and building and leading quality designers, dealers, and supplier networks.

2.6

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### Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)

2.7

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### Scale of the reporting organization

2.8

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	2012/13	2011/12	2010/11
Total Net Sales (million)	1,774.9	1,724.1	1,649.2
Net Sales International (million)	553.0	452.2	383.3
Net Sales North American (million)	1,221.9	1,271.9	1,265.9
Employee-Owners Stock Share	9.0%	9.4%	9.5%

Description

G3 Disclosure Section Number

Better World Report Page Number

Online Sources

**Significant changes during the reporting period regarding size, structure, or ownership**

**2.9**

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Please see our annual report for Herman Miller CEO Brian Walker's statement on our performance for fiscal year 2013.

**Awards received in the reporting period**

**2.10**

**3, 13**

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Although we're not in business to win awards, along the way we've earned some much-appreciated accolades. More information about these awards may be found on our website at [hermanmiller.com/press](http://hermanmiller.com/press).

## Report Parameters

### Reporting period (e.g. fiscal/calendar year) for information provided

This information covers fiscal years, 2011, 2012, and 2013 (June 3, 2012 - June 1, 2013) performance with fiscal year 2014 activities.

3.1

### Date of most recent previous report (if any)

Our last report covered fiscal 2012 and was published on November 9, 2012.

3.2

### Reporting cycle (annual, biennial, etc.)

We produce an updated Better World Report annually.

3.3

26

### Contact point for questions regarding the report or its contents

3.4

26

### Process for defining report content

This is Herman Miller's eighth Better World Report, our effort to document not only what we do that relates to environmental activities, but also relevant social and financial initiatives. It's also a direct response to requests from our customers, dealers, and other stakeholders. In preparing this report, we followed guidelines issued by the Global Reporting Initiative (GRI).

3.5

### Boundary of the report

For our eighth sustainability report we continue our focus on Herman Miller's operations worldwide. Our environmental data includes subsidiaries and leased facilities that we manage.

3.6



### Limitations on the report scope or boundary

Every year in March we report on our performance at building a better world, what we've accomplished during the previous year, and most important, our plans. Every year we try to become more global in our reporting. The bulk of the measures we discuss here are the world's measures; they are consistent with what we value and think matters most.

3.7

### Reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities

For information about our Executive Team, corporate divisions, subsidiaries, markets, and alliance partners please visit our proxy statement and annual report (10-K) at [hermanmiller.com/annual-reports](http://hermanmiller.com/annual-reports).

3.8

### Data measurement techniques

Herman Miller uses world-class and widely acceptable methodologies for collecting performance measurements and managing information to make key decisions. Our systems are audited annually both internally and externally. Performance measurement and information management are carried out through planning, monitoring, and follow-up at all levels within the organization. Corrective actions may be taken; our emphasis is on root cause analysis for corrective action and improvement.

3.9

### Re-statements of information provided in earlier reports

3.10

26

### Significant changes from previous reporting periods

3.11

26

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### Table identifying location of the Standard Disclosures

3.12

Additional GRI Data

### External assurance

3.13

The information in this report has not been externally assured. GRI Self Declared B.

# Governance, Commitments, and Engagement

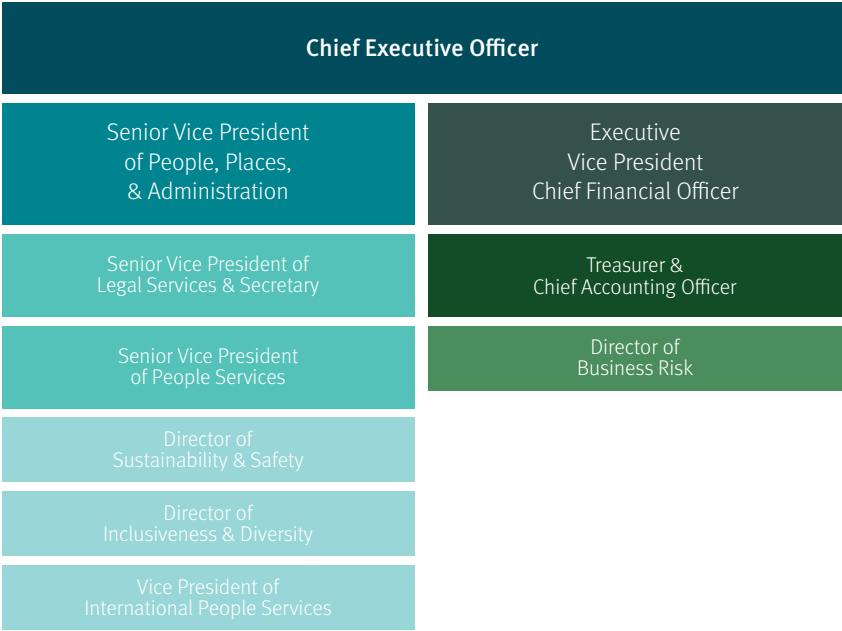
## Governance structure of the organization

The Herman Miller Board of Directors takes its commitment to environmental and social initiatives seriously, and it reviews our performance on these initiatives every year. In addition, to monitor compliance with the company’s high ethical standards, the Directors and executives regularly complete detailed questionnaires to assess compliance with the Corporate Code of Conduct. Executives also live by their commitment: Their performance, and therefore compensation, is continuously measured against their ability to manage the business in a manner consistent with our values.

For more information on our Board of Directors, please visit [hermanmiller.com/governance](http://hermanmiller.com/governance).

4.1

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## Description

## G3 Disclosure Section Number

## Better World Report Page Number

## Online Sources

### Chair of highest governance body

Herman Miller has a Board of Directors with a separate CEO and Chairman of the Board.

4.2

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### Independent members of highest governance body

The Directors are elected in staggered terms. A supermajority of the Board is required to amend the Board charter, but not to amend the bylaws or approve a merger. The company has shareholder rights plans and does not provide golden parachutes. None of our Directors resides on more than four other company or nonprofit boards.

4.3

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Board definition of what constitutes independence of non-employee directors: Our company defines an “independent” Director in accord with the NASDAQ National Market requirements for independent Directors (NASDAQ Stock market Rule 4200). Because it is not possible to anticipate or explicitly provide for all potential conflicts of interest that may affect independence, the Board is also responsible to affirmatively determine that each independent Director has no other material relationship with the company or its affiliates or with any executive officer of the company or his or her affiliates. A relationship will be considered “material” if in the judgment of the Board it would interfere with the director’s independent judgment.

### Shareholder and employee recommendation to highest governance body

See 4.16

4.4

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### Compensation of highest governance body

See 4.1

4.5

### Process for highest governance body to avoid conflicts of interest

See 4.1

4.6

### Process for determining qualifications of highest governance body

To meet the needs of our company in a rapidly changing environment, Herman Miller requires a high-performance Board whose members subscribe to our values and meet the specific resource needs of the business. As an appropriate check and balance to the management team, employees other than the CEO and President will not normally be members of the Board. The Nominating and Governance Committee is responsible for reviewing with the Board from time to time the appropriate skills and characteristics required of Board members in the context of the current make-up of the Board. This assessment includes the mix of technical experience and backgrounds such as manufacturing, technology, finance, marketing and design, understanding of the company's history, and public company experience. These factors, and others considered useful by the Board, are reviewed in the context of an assessment of the perceived needs of the Board at a particular point in time.

Board members are expected to rigorously prepare for, attend, and participate in all Board and applicable Committee meetings.

Each Board member is expected to ensure that other existing and planned future commitments do not materially interfere with the members' service as a Director.

4.7

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### Internally developed mission relevant to economic, environmental, and social performance

4.8

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### Procedures for highest governance body to oversee organization's management of economic, environmental, and social performance

4.9

See 4.1

### Processes for evaluating highest governance body

4.10

See 4.1

### Explanation of how organization addresses precautionary approach

4.11

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Like all businesses, Herman Miller faces a host of challenges and risks every day. The world changes and we have to change with it. We believe our core strengths and values, which provide the foundation for our strategic direction, have prepared us

well to respond to the challenges we face now and those that will inevitably occur in the future.

The potential for fraudulent, unethical, and/or illegal acts is considered within our overall enterprise risk assessment process, which is conducted annually. This formal risk assessment essentially covers all the company's business units and significant business processes, and the results are shared by management with the Audit Committee of the Board of Directors.

Essentially all employees of the company, management and nonmanagement, are educated about the company's standards regarding fraud and ethics through new employee orientation, following management's lead, and ongoing distribution of written policies, which clearly communicate relevant company-wide standards.

All investigations and any necessary follow-up actions related to alleged fraudulent behavior and/or illegal activities are typically reported confidentially to the company.

Please refer to pages 7–9 and 38–39 of our Fiscal 2013 Annual Report (10-K) for further discussion of some risk factors.

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**Externally developed, voluntary economic, environmental, and social initiatives organization subscribes to an/or endorses**

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**4.12**

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Herman Miller voluntarily supports and participates in numerous responsibility-focused initiatives and programs, including:

- Amway Corporate Affinity Exchange
- BIFMA level Certification
- BIFMA Product Category Rules Committee
- Cradle to Cradle Products Innovative Institute
- Forest Stewardship Council
- Grand Rapids African American Health Institute (GRAAHI)
- Grand Rapids AIDS Walk
- Grand Rapids Veterans Home Sock Hop
- GREENGUARD Certification
- Holland Pride
- Human Rights Campaign (HRC) Corporate Equality Index (CEI)

- ISO 14001
- Latin Americans United for Progress (LAUP)
- Leadership in Energy and Environmental Design (LEED) Certification
- LINC Community Spirit Awards
- Michigan Department of Environmental Quality (MDEQ) Clean Corporate Citizen
- MDEQ Business Pollution Prevention Partners (MBP3)
- MDEQ Neighborhood Environmental Partners (NEP)
- Michigan Minority Supplier Development Council (MMSDC)
- Michigan Occupational Safety and Health Administration (MIOSHA) Voluntary Protection Program (MVPP)
- National Hispanic Corporate Council (NHCC)
- OHSAS (Occupational Health & Safety Assessment Series) 18001
- Ready for School Book Drive
- Sustainability Board of Advisors to the American Society of Interior Designers (ASID)
- University of Michigan ERB Sustainability Institute
- US Business Leaders Network (USBLN)
- US Environmental Protection Agency (EPA) Energy Star Building Program
- EPA WasteWise Program
- West Michigan Asian American Association
- West Michigan Hispanic Chamber of Commerce
- West Michigan Pride
- Women In Successful Enterprises (WISE)
- World Resources Institute (WRI) Protocol of Product Carbon Footprint
- Young Professional of Color Conference (BL2END)

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#### Significant association memberships

Herman Miller holds membership in many organizations for which sustainability is a primary precept, including:

- Business and Institutional Furniture Manufacturer's Association (BIFMA)
- Five Winds International
- International Design Center for the Environment (IDCE)
- Michigan Green Chemistry Council
- National Hispanic Corporate Council (NHCC)
- Society for Organizational Learning (SoL)

---

#### 4.13

- Tropical Forest Foundation - Charter member
- US EPA National Pollution Prevention and Toxics Advisory Committee (NPPTAC)
- US Green Building Council (USGBC) Charter member
- US Green Building Council (USGBC) - Technical Advisory Groups
- West Michigan Chapter, Air and Waste Management Association
- West Michigan Environmental Action Council (WMEAC)
- West Michigan Sustainable Business Forum - Charter member

Herman Miller has been reviewed by several socially-aware investment indexes and other research firms, including:

- The Sustainable Asset Management Group for the Dow Jones Sustainability Index

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#### **List of stakeholder groups engaged in organization**

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**4.14**

The people and organizations who have a stake in how Herman Miller works include customers, employees, architects and designers, dealers, suppliers, contractors, government bodies, nonprofits, investors, and debt holders. And we value their opinions about how the company operates.

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#### **Basis for identification and selection of stakeholders**

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**4.15**

Without a commitment to listening to our customers and providing the best service possible, we would be doing only half our job.

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#### **Approaches to stakeholder engagement**

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**4.16**

Herman Miller gathers customer comments via our sales representatives and dealers, the corporate website and internal and external auditing, and we incorporate our customers' feedback into our products and services.

Our employee-owners are encouraged to ask questions and make suggestions about how the company is run via our intranet site and monthly staff meetings. Employees can also communicate directly with any company officer, including the CEO, through our global email address listing. Our CEO discusses the company's strategy and answers questions during an annual employee meeting.

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We did not conduct an employee satisfaction survey in fiscal year 2013. There is not an employee satisfaction survey scheduled at this point in time. Currently we are evaluating options for bringing the satisfaction measurement in-house. Once we have a plan established, we will begin to establish next steps, including timing.

Our Investor Relations Officer actively seeks out feedback from shareholders through email, phone calls, meetings, and conferences.

**Key stakeholders issues and concerns**

**4.17**

See 4.15 and 4.16



## Economic Performance

### Economic value generated

Please see our annual report for Herman Miller CEO Brian Walker's statement on our performance for fiscal year 2013.

EC1

hermanmiller.com

### Financial implications, risks, and opportunities of climate change

EC2

20–24

### Coverage of organization's defined-benefit pension plan

Not reported.

EC3

### Financial assistance from the government

We have not received significant financial assistance from the government in the past three years.

EC4

### Standard entry level wage compared to local minimum wage

Not reported.

EC5

### Spending on locally based suppliers

We spend about 80 percent of our purchasing power on locally based suppliers at significant locations of operation.

EC6

### Procedures for local hiring

Not reported.

EC7

### Infrastructure investments and services for public benefit

Not reported.

EC8

### Indirect economic impacts

Not reported.

EC9

## Environmental Performance

### Materials used by weight or volume

### Recycled input materials used

### Direct energy consumption

### Indirect energy consumption

### Energy saved due to conservation and efficiency improvements

### Initiatives to provide energy-efficient products and services

### Initiatives to reduce indirect energy consumption

### Water withdrawal by source

We will work to become as efficient as possible with our water usage. We understand that water is a precious resource and must be managed both globally and locally. We have a responsibility to use it wisely, ensure that we are not taking it faster than it can be replenished and that it is returned clean to nature. We will research water free processes and look for ways to reduce or eliminate unnecessary water use.

The primary source for water is the municipal water systems where our sites are located. We used 18.54 million gallons of process water in fiscal year 2013, down by 84 percent over our 1993/1994 baseline. Our total water usage was 0.227125 million cubic meters.

### Water sources significantly affected by water withdrawal

None.

EN1

hermanmiller.com

EN2

25

hermanmiller.com

EN3

21, 23

EN4

21,23

EN5

25

EN6

23, 24

EN7

23, 24

EN8

EN9

**Water recycled and reused**

Our water reduction goal is 50 percent over the next ten years. We continue to look for ways to reduce our consumption. With our metal parts painting process, we have taken common sense approaches to reducing and reusing water wherever possible. In September 2012, Herman Miller completed the conversion of an Autophoretic (AP) coating process (for metal parts used in systems products) to a powder coating paint process. This became the sixth powder coat paint line at Herman Miller's Spring Lake campus. Hence, the line is now called "PC 6" (or "Powder Coat 6").

Herman Miller's Design for the Environment (DfE) requirements could not be met with the autophoretic coating process. Given the chemicals involved in the AP process, the process was in conflict with our DfE strategy. With PC 6, we no longer need to use thousands of gallons of chemicals in the water that the AP system required. Also, the AP coating was unrecyclable and carried an environmental impact rating of "red", negatively impacting our product design goals. The new system uses 100 percent reusable powder. We reuse approximately 300,000 pounds of waste powder per year that previously went into the landfill. Collected from all of the paint lines, this waste powder is reused in what we call our "ironstone" formulation, which is graphite black in color and very similar to the AP color. This reduces waste plus generates significant cost savings.

Another benefit was a reduction in water. The original AP system used an average of 600,000 gallons of water per month compared to the new system, which uses an average of 85,000 gallons per month. This is a savings of 6.2 million gallons of water per year, which equates to about \$31,000 in savings (the equivalent to 300 backyard swimming pools).

The conversion to PC6 helped us to:

- Reduce chemicals in the process, thus aligning with our DfE strategy,
- Increase reuse of waste powder, therefore eliminating waste powder going to a landfill,
- Reduce water usage,
- Improve quality,
- Improve ergonomics,
- Reduce costs, and
- Increase capacity.

We are now able to support our DfE strategy including the reduction of harmful chemicals in our processes, plus more.

**EN10**

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**Land adjacent to protected areas**

Not reported.

**EN11**

**Impact of activities on biodiversity in protected areas**

Not reported.

**EN12**

**Habitats protected or restored**

Several of our West Michigan building sites feature native flowers and grasses, as well as retaining ponds that support a diversity of plant and animal life. Our commitment to habitat includes a goal of 50 percent green space for our major sites.

**EN13**

**Strategies for managing impacts on biodiversity**

We use Integrated Pest Management (IPM) at all facilities to reduce pesticide use and minimize our impact on biodiversity and human health. For facilities that require regular grounds keeping, we use a phosphorus-free fertilizer to prevent harmful runoff into surrounding natural areas. Our commitment to water conservation and a low-maintenance landscape policy have us designing nontraditional approaches to corporate landscape.

**EN14**

**IUCN Red List species affected by operations**

None of Herman Miller's operations directly affects the International Union for Conservation of Nature and Natural Resources (IUCN) Red List threatened species' habitats.

**EN15**

**Direct and indirect greenhouse gas emissions**

**EN16**

**21, 24**

**Other relevant indirect greenhouse gas emissions**

**EN17**

**21, 24**

**Initiatives to reduce greenhouse gas emissions**

**EN18**

**24**

**Emissions of ozone-depleting substances**

Not reported.

**EN19**

**NO<sub>x</sub>, SO<sub>x</sub>, and other significant air emissions**

We track our nitrogen oxide (NO<sub>x</sub>) and sulfur oxide (SO<sub>x</sub>) emissions at our Energy Center, where we burn scrap wood to create energy. NO<sub>x</sub> and SO<sub>x</sub> emissions from our Energy Center operations were 30.0 tons and 17.1 tons respectively.

**EN20****Water discharge, quality and destination**

We closely monitor water quality, where appropriate. This does not distinguish between domestic and non-domestic sewage. We manage certain discharges by third-party treatment and disposal.

**EN21****Waste by type and disposal method****EN22****22****Significant spills**

We have had zero significant spills, zero significant fines, and zero non-monetary sanctions for non-compliance with laws and regulations from 2008 to 2013.

**EN23****Transported, imported, or exported hazardous waste****EN24****22****Water bodies and related habitats affected by water discharge and runoff****EN25**

None.

**Initiatives to mitigate environmental impacts of products****EN26****25****Products sold and packaging materials reclaimed****EN27**

One of our transportation initiatives focuses on maximizing the volume of product we fit in each product delivery trip by minimizing our product packaging and consolidating use of space. We do this by shipping products in bulk, securely enclosed in reusable blanket wrapping, and using wooden shipping pallets. These measures reduce packaging materials by more than 50 percent and reduce the flow of cardboard and plastic packaging to the landfill. Our long-distance shipping subcontractors serve Herman Miller and other customers simultaneously to reduce the number of trips. As reliable access to cleaner-burning fuels increases, we look

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forward to incorporating these more environmentally friendly energy sources into our transportation operations.

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**Noncompliance with laws and regulations**

See EN23

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**EN28**

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**Environmental impacts of transporting products**

We recognize that transporting Herman Miller products from our suppliers to our factories and to our customers increases air pollution and contributes to global warming. Our challenge is to reduce the effects of transportation on the environment while maintaining excellent customer service.

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**EN29**

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**Environmental protection expenditures**

Not reported.

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**EN30**

## Social Performance

### Workforce by employment type and region

	2012/13	2011/12	2010/11
Full- and part-time US employees	82%	85%	87%
Non-US employees full- and part time	18%	15%	13%

The number of temporary employees that we employed ranged from 150 to 600 a month, depending on the time of year and our production volumes.

### Employee turnover by age group, gender, and region

	2012/13	2011/12	2010/11
Full-time employees turnover	8.5%	6.9%	7.4%
Number of hires	354	273	208

We are proud of the fact that over 40 percent of our employees have been with us for more than 15 years.

### Benefits provided to full-time employees not provided to temporary or part-time employees

Please visit [hermanmiller.com/careers](http://hermanmiller.com/careers).

Years of experience in creating supportive workplaces has taught us a lot about keeping employees healthy, comfortable, and motivated. Herman Miller provides a wellness program to help our U.S. Herman Miller, Inc employees maintain their health and well-being.

LA1

LA2

LA3

[hermanmiller.com](http://hermanmiller.com)

**Collective bargaining agreements**

2012/13 5.42%

2011/12 4.92%

2010/11 6.79%

**LA4****Minimum notice periods regarding operational changes**

Herman Miller willingly complies with local, national, state, and provincial legislation governing the function of businesses. We often exceed legal standards when our own standards for corporate behavior, based on our values and philosophy, require it.

**LA5****Management-worker health and safety committees****LA6****16, 17****Rates of injury****LA7****17****Education, training, counseling, and prevention programs regarding diseases****LA8****17****Health and safety topics covered in formal agreements with trade unions****LA9**

Not reported.

**Training per year per employee****LA10**

	2012/13	2011/12	2010/11
Full-time employees training hours	9.11	12.91	8.46
Training cost (as a percentage of sales)	0.16%	0.17%	0.19%

Due to reporting difficulties, these numbers do not include our subsidiaries Nemschoff and Geiger as well as International Operations.

**LA11****Skills management and lifelong learning programs**

Our company is built on a foundation of creativity and innovation, and we understand that creative people are curious and involved, and that they never stop learning. So we offer many different kinds of learning and development resources, including online



self-studies and classroom learning opportunities. Our employees are encouraged to build proficiency in key areas through career development planning. And employees are also encouraged to identify and make use of other resources that can help them develop a necessary business skill.

Herman Miller provides financial reimbursement for employees who choose to continue their formal education to broaden their skills or keep current with business trends and practices.

### Performance and career development reviews

We believe that fostering the personal growth and development of our employees is not only the right thing to do, but good business as well. We want our employees to maintain ownership of their careers at Herman Miller and to be able to make the most of every opportunity. To this end, we maintain a policy of openness, providing employees with access to yearly performance reviews, internal job postings, an educational assistance program, and an ongoing series of workshops that allow them to build new skills. Employees are encouraged to work with their supervisors to build career development plans that support individual career goals.

LA12

### Composition of governance bodies and employees according to diversity indicators

Our Board of Directors

LA13

	2012/13	2011/12	2010/11
Board members	12	12	11
Women	3	3	2
Minority members	1	1	1
Independent members	10	10	9

For more information on our Board of Directors, please visit [hermanmiller.com/governance](http://hermanmiller.com/governance).

	2012/13	2011/12	2010/11
Female employees	38.8%	38.8%	40.0%
Minority employees	18.6%	18.4%	18.9%
Female senior management	33.1%	31.8%	33.8%
Minority senior management	8.6%	8.9%	9.2%

#### Ratio of basic salary of men to women

Not reported.

LA14

#### Retention rates after parental leave

Not reported.

LA15

#### Investment agreements that include human rights clauses

Not reported.

HR1

#### Human rights screenings of suppliers and contractors

Herman Miller follows guidelines that we set for suppliers, such as labor and ethical business practices. Please see our Supplier Code of Conduct at [hermanmiller.com/supplier-code-of-conduct](http://hermanmiller.com/supplier-code-of-conduct). We also follow a safety and environmental training procedure for contractors.

HR2

#### Human rights policies and procedures training for employees

Hours of training are tracked in total as reported in LA10.

HR3

#### Incidents of discrimination

Not reported. See our Discrimination and Harassment policy at [hermanmiller.com/discrimination-policy](http://hermanmiller.com/discrimination-policy).

HR4

**Incidents of freedom of association and collective bargaining**

As a matter of law and simple moral obligation, Herman Miller prohibits child labor, forced labor, harsh and inhumane treatment, abuse, and discrimination. We allow collective bargaining and enforce minimum working wages and maximum working hours. These practices are in keeping with the human rights statement of the International Labor Organization and the core labor standards of the United Nations Declaration of Human Rights (1946).

**HR5****Incidents of child labor**

See HR5

**HR6****Incidents of forced compulsory labor**

See HR5

**HR7****Human rights policies and procedures training for security personnel**

Not reported.

**HR8****Incidents of violations involving rights of indigenous people**

Not reported.

**HR9****Operations subject to human rights reviews**

Not reported.

**HR10****Number of grievances related to Human Rights**

Not reported.

**HR11****Impact of operations on communities**

Not reported.

**S01****Business units analyzed for corruption-related risks**

See 4.11

**S02**

### Anticorruption policies and procedures training for employees

See 4.11

Herman Miller's own sense of ethics and fair trade practices condemn bribery, kickbacks, theft, and fraud. In addition, all work team leaders are trained in our code of ethics, respect, and community.

See our Corporate Code of Conduct at [hermanmiller.com/corporate-code-of-conduct](http://hermanmiller.com/corporate-code-of-conduct).

All employees receive our "Employee Policies and Guidelines," which also provides detailed information about ethical issues and problems. We maintain a confidential hotline through which employees can report ethical problems or suspected incidents of discrimination, harassment, theft, or fraud.

**S03**

### Response to incidents of corruption

See 4.11

All investigations and any necessary follow-up actions related to alleged fraudulent behavior and/or illegal activities are typically reported confidentially to the company's Legal Services and/or Business Risk Assurance (internal audit) offices. Procedures are in place to disclose these activities and the corporation's response to the Board of Directors on a regular basis and to our external independent audit firm when relevant. Any potentially significant risks and management's response to them related to litigated and unlitigated corruption are also disclosed within public documents filed with the Securities & Exchange Commission as appropriate under US financial reporting requirements.

**S04**

### Public policy development and lobbying

Not reported.

**S05**

### Financial and in-kind contributions to political parties

Not reported.

**S06**

**Anticompetitive behavior, antitrust, and monopoly practices**

Not reported.

**S07**

**Fines and nonmonetary sanctions for laws and regulations**

See EN23

**S08**

**Operations with negative impacts on communities.**

Not reported.

**S09**

**Prevention and mitigation measures implemented in operations with negative impacts on communities.**

Not reported.

**S010**

**Health and safety improvements to products and services**

Our concerns extend not only to our own employees, but to our customers, and we address their health and well-being in every step of product development, from idea conception through disposal. This commitment is evidenced by the materials we choose, our manufacturing processes, and our advances in ergonomic design.

**PR1**

In 1968, after 10 years of research, Herman Miller introduced the first panel-based office furniture system. This major innovation introduced human factors and ergonomics to the office work environment, in part due to Robert Propst's deep understanding of the human body and his concept of using movable parts to adapt the office to the individual inhabitant. In 1976, after 11 years of research, Herman Miller introduced modern ergonomics to the contract furniture industry with the Ergon chair, the first truly ergonomic work chair. Today, proper ergonomics guides every Herman Miller design and designer.

We want to make every person comfortable, safe, and productive at work by applying the principles of good ergonomic design: fit the user in both size and capability; fit the task (placement of tools and equipment with regard to reach, duration, and intensity is essential to task performance); and allow for posture change and activity variety (muscles require movement to stay healthy).

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By improving worker comfort and vitality in the workplace and reducing the likelihood of developing musculoskeletal disorders (MSDs), we contribute to a healthier, happier, and more successful work environment.

**Noncompliance concerning health & safety effects of products and services**

Not reported.

PR2

**Products and service information required by procedures**

To help ensure the satisfaction of our customers, all of our products have labels and/or barcodes that identify the product number, order number, manufacturing date and time, manufacturing location, and Herman Miller supplier. Our labeling follows the American Society for Testing Materials standards for labeling components. In addition, product installation instructions and care and maintenance guides are available at hermanmiller.com.

PR3

**Noncompliance with regulations concerning product and service information and labeling**

Herman Miller, Inc. has not suffered or received any administrative or judicial sanctions for failing to comply with laws or regulations, including international declarations, conventions, treaties, and federal, state, or local regulations concerning the provision and use of Herman Miller products and services.

PR4

**Practices related to customer satisfaction**

Dealer's Survey of Customer Satisfaction

PR5

	2012/13	2011/12	2010/11
General customer satisfaction	NA	3.80*	3.84*

\*average score on a scale of 1–5

Usually we send an annual survey to our customers (dealers) each November. This year, as we have taken a look at the survey itself, we have found that it is, indeed, very

lengthy and cumbersome for our dealers. Over the years, we have tried to improve the survey by adding more and more questions for our feedback and understanding. Now, we realize that the survey may have grown overly detailed, putting an undue burden on our dealers. Members of our Dealer Services, Sales Operations, and Corporate Quality teams are in process of discussing the need to streamline the survey by reducing the complexity. We are determining the next steps by analyzing exactly what—and how much—we need to ask our customers in order to evaluate their level of satisfaction with Herman Miller, Inc.

In the meantime, we have changed our corporate procedure from stating the survey will be done on an annual basis to that of a semi-annual frequency.

We continue, however, to survey end-users at the dealer level. Specifically, all certified dealers (80 percent of Herman Miller's North American sales volume) systematically send a satisfaction survey to their end-users. Results are below:

Network Statistics 2013 (YTD)

Customer Satisfaction: 98.2

Recommendation Index: 98.1

Repeat Business Index: 98.9

Surveys Received: 9,041

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#### **Adherence to laws and standards related to marketing communications**

Herman Miller adheres to the FTC Green Guidelines for environmental marketing claims and attempts to always provide substantiating information for any claims made.

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**PR6**

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#### **Noncompliance with regulations concerning marketing communications**

Not reported.

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**PR7**

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#### **Substantiated complaints regarding breaches of customer privacy**

Not reported.

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**PR8**

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#### **Noncompliance with laws and regulations concerning products and services**

Not reported.

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**PR9**

