



CORPORATE
RESPONSIBILITY
REPORT
A WORLD OF QUALITY

ETHAN ALLEN®

A WORD FROM OUR CEO



WHEN YOU ASK PEOPLE WHAT THEY KNOW ABOUT ETHAN ALLEN, ONE WORD COMES UP AGAIN AND AGAIN: QUALITY.

When it comes to the products we make and sell, we've set the industry standard for quality, and we always will.

Quality is something we expect at every step, from the moment a product is designed to the moment it arrives at your home. Honoring our planet, preserving our communities, and respecting the artisans who craft everything we make and sell—these principles are as fundamental to our definition of “quality” as the handcrafted details that make our products so exceptional.

These principles also help us preserve a world of quality for future generations. By leveraging our vertically integrated business structure, we conserve resources and minimize our carbon footprint. By working alongside suppliers as partners, we ensure that all of our associates and theirs—the people who pour their creative vision and passion for craftsmanship into every product we make and sell—are treated with respect and dignity.

In the pages of this corporate responsibility report, we invite you to take a fresh look at Ethan Allen: what we do, where we operate, who we are, and what we value. Explore our work as leaders in sustainable manufacturing. Learn about the socially responsible business practices that set us apart.

Like our commitment to craftsmanship, our commitments to sustainability and social responsibility define us, and they are unwavering. We stand ready to meet the challenges of the coming decade—and beyond.

A handwritten signature in black ink that reads "Farooq Kathwari". The signature is fluid and cursive, with a long, sweeping underline that extends to the left.

Farooq Kathwari
Chairman and CEO
Ethan Allen Interiors Inc.

TABLE OF CONTENTS

2	WE MAKE THE MOMENT
3	WHO WE ARE
6	ETHAN ALLEN IN THE WORLD
8	THE HOME WE ALL SHARE
10	2010-2019 HIGHLIGHTS
12	THE CLIMATE CHALLENGE
14	OUR ENVIRONMENTAL IMPACT
18	SAFETY, FAIRNESS & OPPORTUNITY
20	SAFETY AT WORK
22	PRODUCT SAFETY FROM DESIGN TO DELIVERY
24	MANUFACTURING CODE OF CONDUCT
26	TEACHING OUR STANDARDS
28	OUR ASSOCIATES
30	WE THE PEOPLE OF ETHAN ALLEN
31	OUR LEADERSHIP PRINCIPLES

WE MAKE THE MOMENT

IF YOU ASK AN ETHAN ALLEN DESIGNER WHY THEY LOVE THEIR JOB, YOU'RE GOING TO HEAR ABOUT "THE MOMENT." IT'S THAT MAGICAL INSTANT WHEN A CLIENT WALKS INTO THEIR NEW ROOM AND SEES IT FOR THE FIRST TIME.

The magic begins...

...the instant our product designers put a pencil to paper. We take furniture from concept to prototype, passing each piece into the hands of the master craftspeople who build, assemble, paint, stain, lacquer, detail, and stitch. We photograph each piece, both within rooms and up close, and we share these images on paper and online. They have one purpose: to show you the possibilities. To inspire you to create a moment of your own.

Our designers take it from here.

They meet with you in Design Centers or in your home. They listen to your design needs and challenges. They measure your space. They help you choose furniture and customize it with the perfect fabric, leather, or finish. They design window treatments or help you choose that one perfect accessory. They help as little or as much as you like, and their help is always complimentary.

One by one, the pieces of the moment fall into place.

Furniture is built, inspected, and tested for uncompromising quality. Handcrafted accessories are made by master artisans. Packages are carefully put together until everything is ready for delivery.

The big day arrives.

Our delivery associates pack their truck and plan their route. They arrive at your home, bring in and unpack each piece, and assemble it. Your designer steps in, placing every accessory in its just-right place. And then it's time for the big reveal.

The beauty of the moment...

...is in watching your eyes widen in happy surprise. The smile that breaks over your face and then transforms into a single syllable: "wow." The hug you share with your partner, your child, and then, if you feel like it, with your designer.

Making the moment is what we live for at Ethan Allen.

Join us for an in-depth look at how it's done.

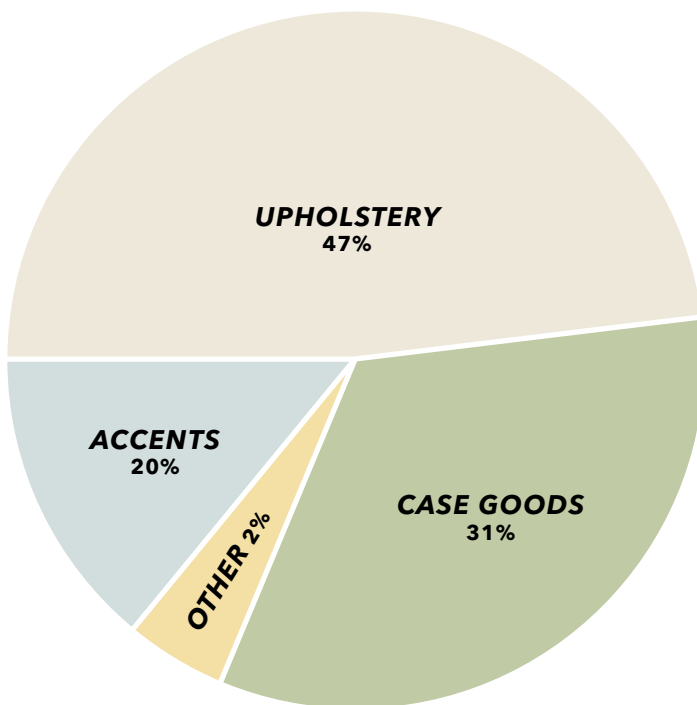


WHO WE ARE

Ethan Allen is both an interior design company and a manufacturer and retailer of quality home furnishings.

Our designers—1,500 in North America and 500 internationally—are based in our retail Design Centers, of which we have approximately 300 in the United States and abroad (144 operated by the company and 158 independently owned and operated). Our international headquarters is located at 25 Lake Avenue Extension, Danbury, CT 06811.

WHAT WE MAKE AND SELL



OUR PRODUCTS

- Upholstered seating in fabric and leather
- Case goods for living room, dining room, media room, home office, and bedroom
- Functional accent tables
- Soft goods, including duvet covers, quilts, bedding essentials, decorative pillows, and throws
- Drapery and drapery hardware
- Lighting
- Rugs
- Outdoor furniture and accessories, including patio umbrellas, outdoor upholstery, and concrete fire tables
- Artwork and wall décor, including custom-framed artwork and custom mirrors
- Decorative accents, including clocks, florals and trees, baskets, bottles and jars, decorative boxes, candleholders, sculptural pieces, planters and urns, trays, and vases
- Wallpaper

YOUR PERSONAL INTERIOR DESIGNER

"Clients are looking for functionality and well-constructed pieces that are worth their investment. They often come to us because they need that extra help to ensure that they are making the right decisions." Nancy Saeedi, Ethan Allen interior designer, Tustin, CA

Ethan Allen offers complimentary design services in any Design Center. You can also schedule in-home appointments with any designer. It's their job to help you select and purchase individual furnishings or decorative accessories; to create decorative focal points, like custom window treatments; and to develop comprehensive design plans for individual rooms, entire homes, and select commercial projects. They personalize projects to an exceptional level of detail, drawing on our extensive fabric and finish options as well as decorative flourishes, like stylish trims and dual fabric or leather combinations.

Some of our designers are wonderful artists who draw photorealistic detailed floor plans by hand; others love the incredible detail they can show you during a virtual walk-through of your space, using Ethan Allen's proprietary 3D room planner. They can develop both 2D and 3D floor plans and then share the images with you.

You can also bring your own ideas to our designers. Tear pages out of magazines, take pictures with your phone, sketch your dream room on paper, or take Freeze Frames in the EA InHome™ augmented reality app. Whether you don't know where to start or just need a little help to flesh out your ideas, our designers have you covered, and their help is always free.



MAKING YOUR MOMENT

When you're deciding what to order, you can choose in-stock products for faster delivery or custom products, which are made to order.

- Items that are in stock in our distribution or service centers are either shipped to you via UPS or Parcel Post (in North America), or they're delivered to your home via Premier In-Home Delivery.
- Quick Ship upholstery pieces, for which we stock a select number of frames and fabrics, are tailored by hand and delivered in 30 days or less. Delivery times may vary based on location.

- Custom-made items are made to order by Ethan Allen artisans, who tailor upholstery pieces by hand, assemble frames using time-tested craftsmanship techniques, and apply finishes and decorative touches by hand. These items are delivered via Premier In-Home Delivery and take a little longer to make—but they're worth the wait.

If you'd rather make your moment online, you'll find our products on ethanallen.com and ethanallen.ca; in the United States, we also offer design services via online chat.

WHERE YOU CAN FIND US

Ethan Allen operates the following facilities around North America:

MANUFACTURING PLANTS

- Orleans, VT
- Beecher Falls, VT
- Maiden, NC
- Guanajuato, Mexico
- Cortes, Honduras

NATIONAL DISTRIBUTION CENTERS

- Atoka, OK
- Dublin, VA
- Old Fort, NC
- Maiden, NC

REGIONAL HOME DELIVERY SERVICE CENTERS

- | | | | | |
|-------------------|--------------------------------|-------------------|---------------------|-------------------------|
| • Akron, OH | • Bristol, PA | • Hagerstown, MD | • Newtown, CT | • The Colony, TX |
| • Albuquerque, NM | • Buffalo, NY | • Hayward, CA | • North Andover, MA | • Tualatin, OR |
| • Allentown, PA | • Calgary, Alberta, CAN | • Houston, TX | • Oakdale, MN | • Tucker, GA |
| • Amesbury, MA | • Calstadt, NJ | • Kent, WA | • Ormond Beach, FL | • Vaughan, Ontario, CAN |
| • Asheville, NC | • Centerville, OH | • Lenexa, KS | • Phoenix, AZ | • Victor, NY |
| • Aurora, CO | • Chester Springs, PA | • Linden, NJ | • Pomona, CA | • Virginia Beach, VA |
| • Baton Rouge, LA | • Columbia, SC | • Maiden, NC | • Pooler, GA | • Wausau, WI |
| • Bedford, NH | • Delta, British Columbia, CAN | • Margate, FL | • Redding, CA | • Wilmington, NC |
| • Belleville, MI | • Erlanger, KY | • Maryville, TN | • Reno, NV | • Worthington, OH |
| • Billings, MT | • Fort Walton Beach, FL | • Medina, OH | • Sandy, UT | • Youngstown, OH |
| • Boise, ID | • Grapevine, TX | • New Orleans, LA | • Sanford, FL | |
| • Brentwood, MO | | • Newburgh, NY | • Tampa, FL | |





We also operate retail Design Centers throughout North America, Europe, Asia, and the Middle East:

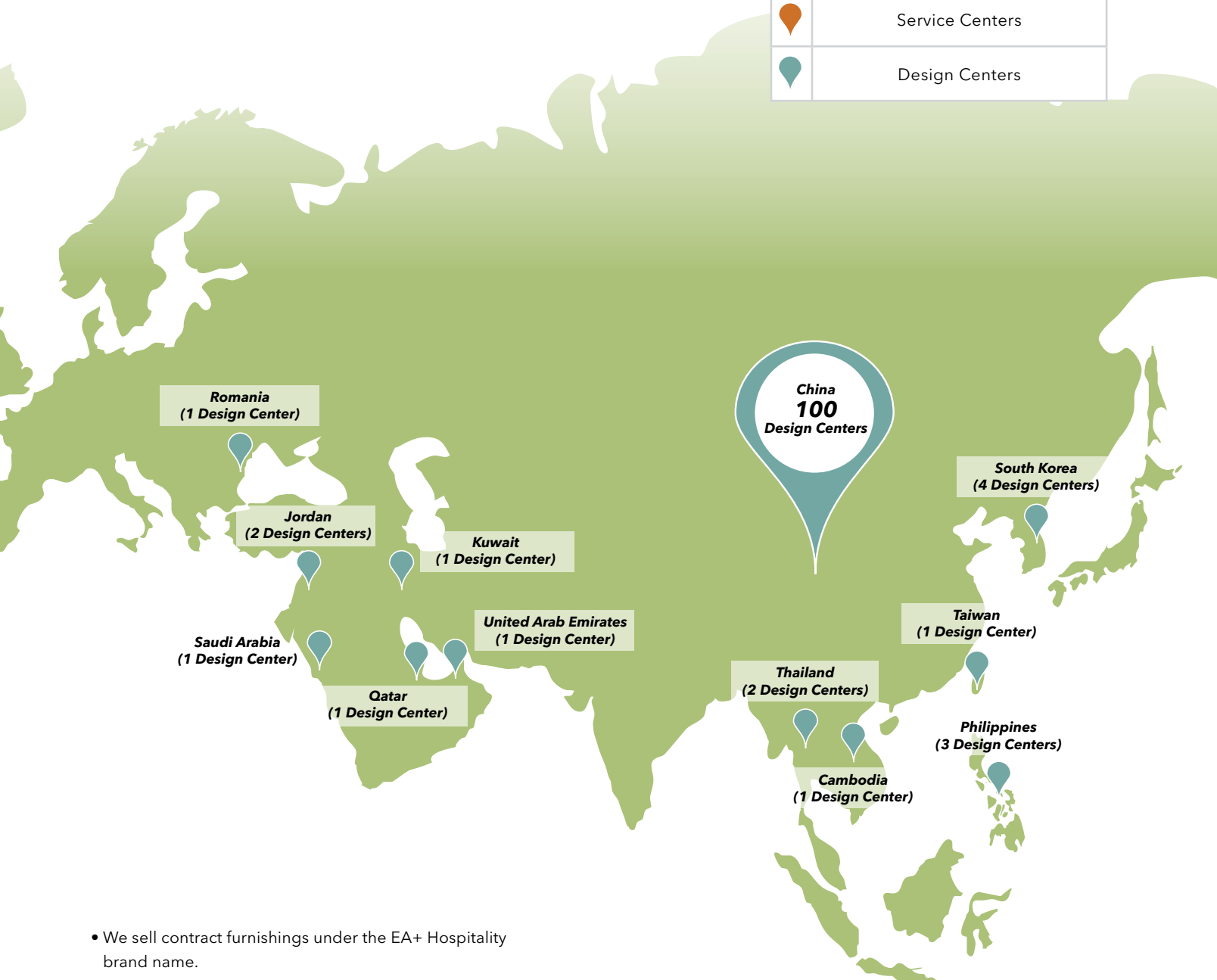
- | | | | |
|------------|---------------|----------------|------------------------|
| • Cambodia | • Kuwait | • Saudi Arabia | • Taiwan |
| • Canada | • Philippines | • South Korea | • United Arab Emirates |
| • China | • Qatar | • Thailand | • United States |
| • Jordan | • Romania | | |

ETHAN ALLEN IN THE WORLD



In addition to serving retail and contract clients, Ethan Allen generates wholesale revenue through the sale and shipment of products to a network of both company-owned and independently operated Design Centers. Adjacent to our headquarters in Danbury, you'll find the Ethan Allen Hotel and Conference Center, which houses about 200 guest rooms and is owned and operated by us.

KEY	
	Manufacturing Plants
	Distribution Centers
	Service Centers
	Design Centers



- We sell contract furnishings under the EA+ Hospitality brand name.
- We're the preferred hospitality furnishings partner for Margaritaville Hotel and Resorts properties. We also developed furnishings, alongside designers from Disney, for the Disney Grand Californian Hotel.
- We're a leading supplier of interior furnishings for 275 U.S. State Department embassies and consulates.

THE HOME WE ALL SHARE

ETHAN ALLEN CREATES FURNISHINGS FOR THE HOME IN WAYS THAT HONOR THE HOME WE ALL SHARE. THERE'S NO HOME TO WHICH WE AS A COMPANY ARE MORE COMMITTED BECAUSE THE STAKES HAVE NEVER BEEN HIGHER: THE WAY WE TREAT OUR WORLD NOW WILL DETERMINE THE COURSE OF HUMANITY'S FUTURE.

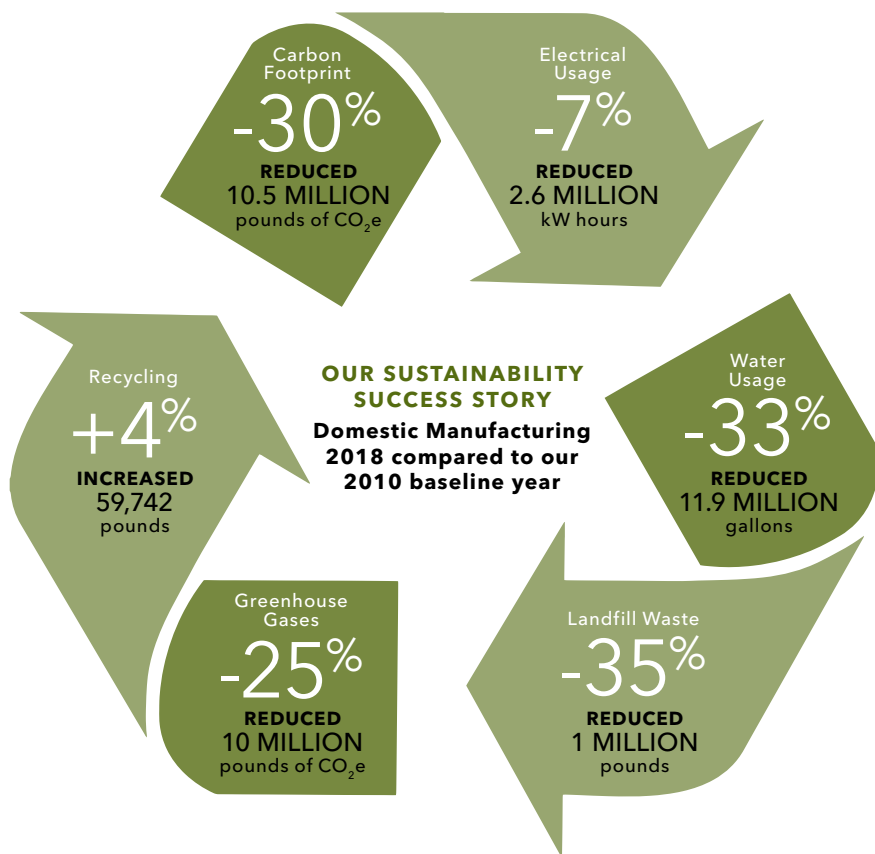
Our commitment to protect this world, rather than to treat it with disregard, is a commitment that's good for the heart and even better for business. Finding ways to use less electricity, water, and other resources, as well as ways to reduce the amount of waste we put into landfills, helps us find ways to

fine-tune our processes and deliver more value to our clients and shareholders. New ideas and new technologies not only lessen our environmental impact but also further improve our profitability, our products, and our standing in the marketplace.



An ongoing focus on sustainability helps us do the things we already to a higher level; for example, when we replace a boiler at a manufacturing plant with an energy-efficient model, we're doing the repairs we would have done anyway,

and we're setting ourselves up for major cost savings at the same time. We launched our first environmental health and safety initiative in 2010. The work was immediately productive, and those efforts were noticed.



OUR ACHIEVEMENTS

2013-2018: Named a Vermont Business Partner by Vermont's Department of Environmental Conservation

2012-2018: New Jersey Department of Environmental Protection, Certificate of Environmental Stewardship

2012: Sage Awards Honorable Mention, American Home Furnishings Alliance

2012: Environmental Excellence Award, American Home Furnishings Alliance; continuing membership in consortium through 2018

2012: Congressional Certificate of Special Recognition, Representative Chris Murphy (CT-5)

2011: Northeastern Loggers Association, Outstanding Use of Wood Award

2011: Environmental Merit Award, U.S. Environmental Protection Agency, New England Office

2009, 2013: Vermont Governor's Award for Environmental Excellence

2010–2019 HIGHLIGHTS



BROWNFIELDS CLEANUP

The project: Rehabilitation of an old railroad site near the Vermont-Canada border, including asbestos and lead paint disposal and cleanup of a 15,000-gallon above-ground diesel tank.

The outcome: Reduced contamination risk for our plant, for associates' homes and for the Connecticut River. We even donated a preserved locomotive turntable to a local railroad museum.



SHRINK SMART

The project: The development of Shrink Smart, a machine that could cut custom lengths of shrink wrap for Ethan Allen upholstery packaging.

The outcome: Led by purchasing manager Barry Willis, the Shrink Smart project cut shrink wrap usage by 132,238 yards—enough to stretch more than 75 miles—and saved \$101,891.

WOOD WISE

The project: Making our Orleans plant, which runs without #4 fuel oil by burning recycled wood chips and sawdust generated by our Beecher Falls sawmill, even more fuel efficient.

The outcome: By keeping wood dry before burning it rather than storing it out in the open, we were able to generate nearly twice as many BTUs of energy from an already green fuel source.



COMMUNITY SERVICE

The project: To transform our Pomona service center into a regional recycling hub.

The outcome: Led by service center manager John Barbao, Pomona has kept more than 2.2 million pounds of material out of local landfills since 2015. They have also donated like-new furnishings to Habitat for Humanity, changing lives in their community.

POWER MOVES

The project: To cut energy usage at our Beecher Falls sawmill by relamping with LED bulbs.

The outcome: Big electricity savings, thanks to bulbs that use 60% to 80% less energy, elimination of hazardous waste from disposal of fluorescent bulb ballasts, and better visibility for assessment of wood quality.

CHEMISTRY CLASS

The project: To lower hazardous air pollutant (HAP) emissions by reformulating chemicals and putting self-imposed limitations on permits.

The outcome: By exceeding regulatory standards early, we were ready for the EPA's Maximum Achievable Control Technology (MACT) standards; the cost of coming into compliance with these standards put many other furniture companies out of business. For our efforts, we received an Environmental Merit Award from the U.S. Environmental Protection Agency, New England Office.

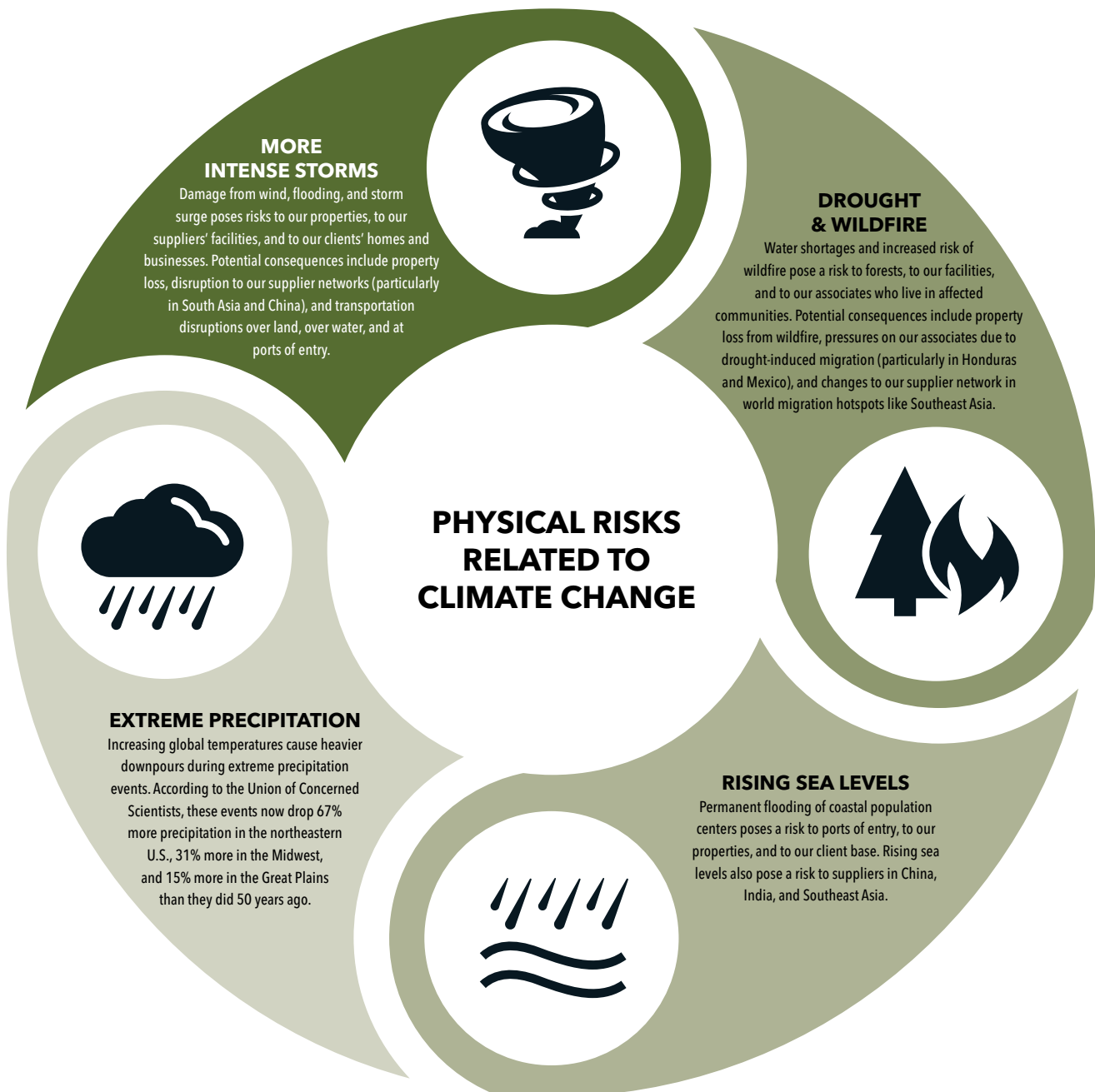


THE CLIMATE CHALLENGE

Climate change is undeniable and well underway. Our commitment to lowering greenhouse gas emissions and reducing our carbon footprint is unwavering, but we also know these efforts won't be enough to stop the changes to come.

We see global climate change as a challenge we need to address both by increasing efficiencies in operations and by

reducing emissions, so we can do our part to impact the 2°C scenario goals for the global climate pact established in the Paris Climate Accords at the UN Framework Convention on Climate Change's (UNFCCC) Conference of Parties (COP21).



POSSIBLE CLIMATE CHANGE IMPACTS

DELIVERY DELAYS

CHALLENGES: Property damage and transportation network disruptions could result in production and delivery delays. These delays could result in canceled orders in the short term, and client dissatisfaction could affect long-term customer relationships.

OPPORTUNITIES: As we plan for disruption, we can also examine our current transportation routes, looking for opportunities to minimize greenhouse gas emissions and CO₂e as well as delivery disruption.

PROPERTY DAMAGE

CHALLENGES: Property damage to our plants, distribution and service centers, and Design Centers could require significant capital expenditures and could result in income disruption for our associates.

OPPORTUNITIES: We can harden existing buildings and seize opportunities during new construction to create more energy-efficient buildings and to use sustainable materials.

INVENTORY LEVELS

CHALLENGES: An increase in adverse weather events and natural disasters can create significant pockets of demand from clients. Because most of our furnishings are made to order, it could be challenging to mobilize our manufacturing and delivery resources to meet that demand.

OPPORTUNITIES: We can further help our suppliers implement more sustainable manufacturing methods and improve labor conditions to increase their production capacities.

POPULATION SHIFTS

CHALLENGES: Climate-related changes that impact our clients, like disruptions to agriculture in the central U.S., could significantly affect local communities.

OPPORTUNITIES: Where population shifts result in insufficient demand to support current Design Center locations, we can anticipate closures and plan for relocations and new openings.

OUR ENVIRONMENTAL IMPACT

THE CARBON FOOTPRINT CALCULATOR

The Carbon Footprint Calculator is the core tool that Ethan Allen uses across every location, from Design Centers to manufacturing plants to headquarters, to record environmental data and analyze it. It was created based on the EPA's Waste Reduction Model (WARM), which was designed to help businesses quantify how smarter materials use, recycling, and other activities affect greenhouse gas emissions, create energy savings, and impact economic activities.

We've updated the calculator several times over the past decade to reflect a better understanding of our environmental profile: how our company's unique mix of air emissions and waste products add carbon and other greenhouse gases to our atmosphere. To measure CO₂e,

for example, we multiply the emissions of six greenhouse gases, plus other fuel emissions (such as emissions from the type of fuel our local electrical supplier uses to generate power) by each compound's global warming potential (GWP), or carbon factor.

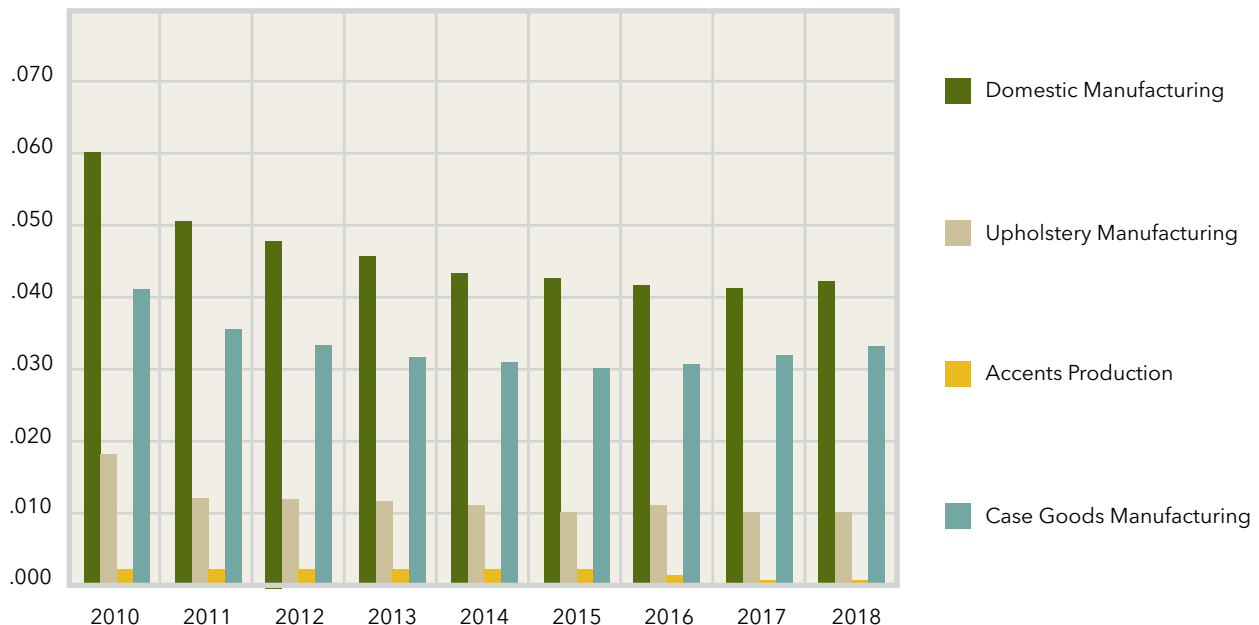
Every facility at Ethan Allen has its own environmental goals, targets, and responsibilities related to emissions, waste disposal, and electricity and water usage. A designee at each location records the data in the Carbon Footprint Calculator and submits it quarterly. The data is then reviewed annually by Ethan Allen's corporate EH&S team, who compare it to data from the appropriate baseline year to measure our progress toward environmental goals.

ELECTRICITY

To reduce the amount of electricity we use to heat our work spaces and dry our lumber, our plants burn scrap wood to make steam. At some locations, we also use that same steam to cogenerate the electricity, heat, and air pressure needed to run our production equipment.

We use energy-efficient lighting, and we've implemented coordinated startups of our heavy equipment to reduce peak electrical demand. ***In 2018, we reduced electrical usage by 2.6 million kilowatt hours compared to our 2010 baseline year.***

ELECTRICAL USE IN KWH PER SALES DOLLAR



WATER

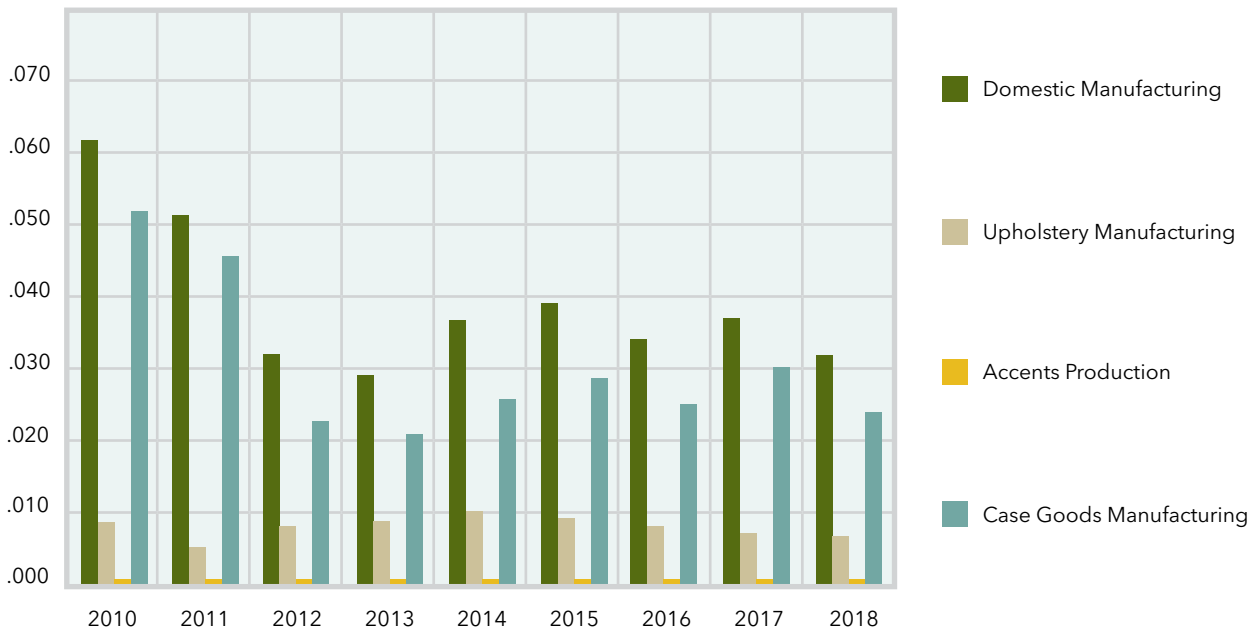
At Ethan Allen, we consider clean water a basic human right, and we expect our business partners and vendors to act accordingly, in compliance with water standards and regulations. All of our manufacturing plants are located in low to medium water-related risk areas, as defined by the World Resource Institute (WRI) Water Risk Atlas, and all of our plants meet or exceed regulatory requirements.

To control and reduce water use, we have installed low-flow restroom fixtures in our facilities. We also use flow restrictors to limit water use in certain operations. Logs, for example, must be kept moist until milled, to prevent cracks or splits; flow restrictors ensure logs are sprinkled with a just-right amount of water. Additionally, steam leak surveys have helped us prevent the escape of steam into the air, further reducing water waste.

In 2018, we decreased our water usage by almost 11 million gallons compared to our 2010 baseline year.



WATER USAGE IN GALLONS PER SALES DOLLAR



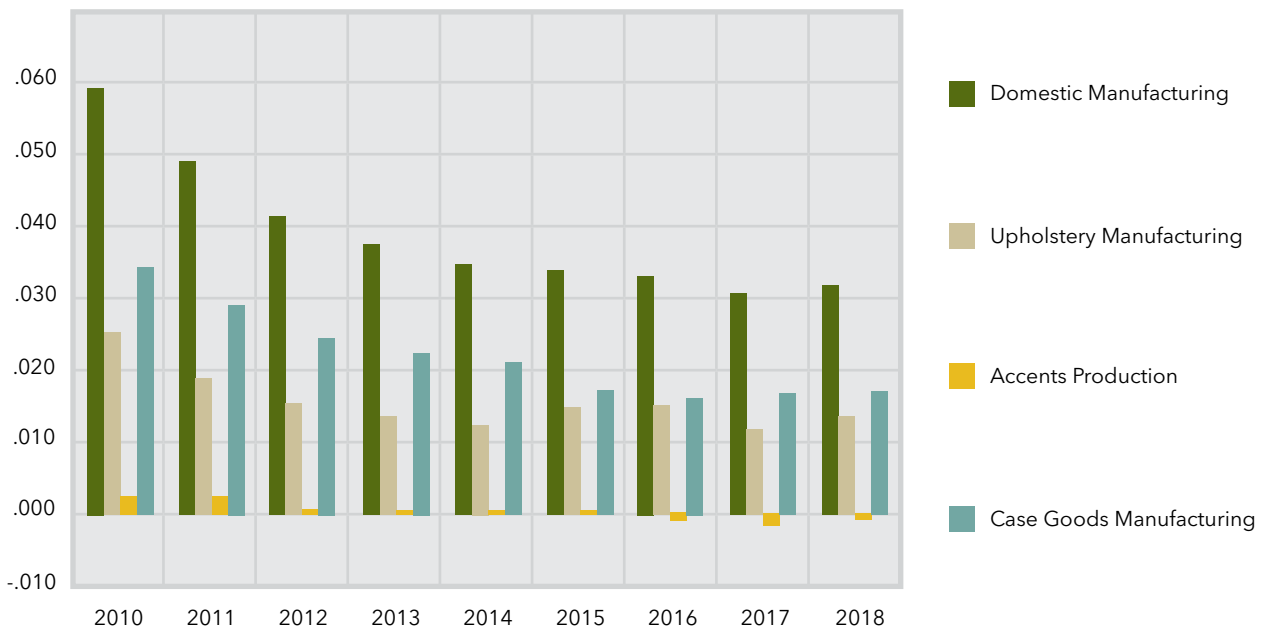
CO₂e AND GREENHOUSE GAS EMISSIONS

When we launched our environmental initiative in 2010, we set a goal to reduce our CO₂ and greenhouse gas emissions by 10% in our first decade. **We have significantly exceeded that goal: we have cut CO₂ emissions by 30%, and we've reduced total greenhouse gas emissions by 25%.**

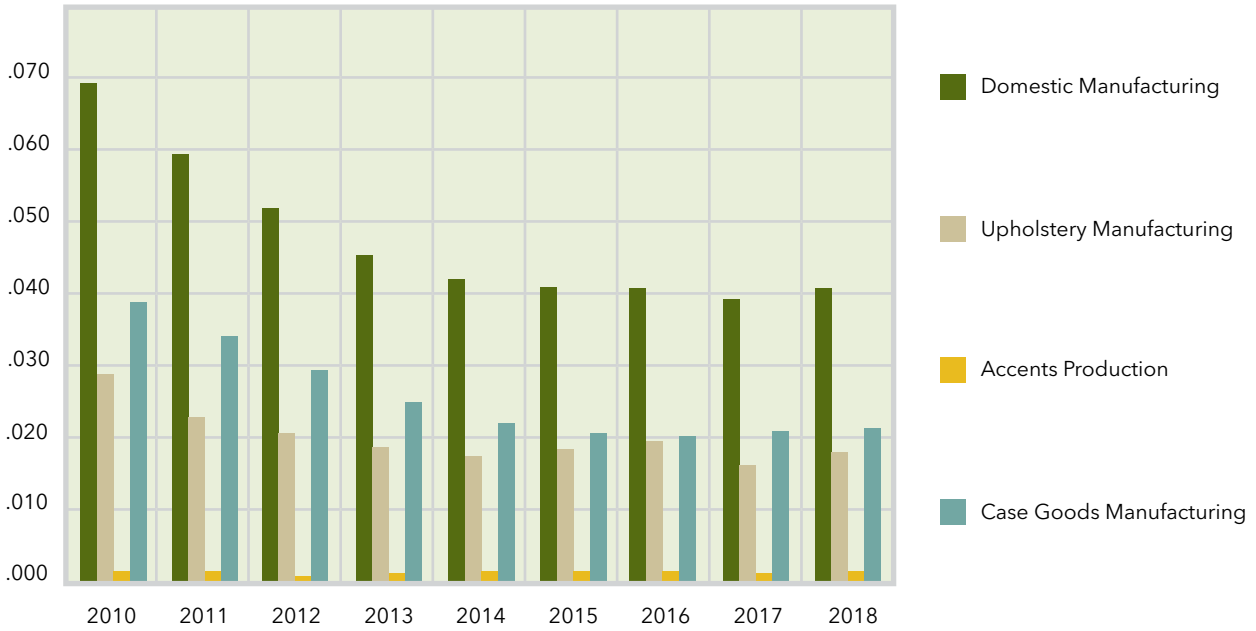
To meet our carbon footprint reduction goals, we continually review and investigate ways to reduce our CO₂ emissions in our operations. We set annual carbon footprint reduction goals for our domestic manufacturing division as a whole, based on data compiled from each upholstery, accessory, and case goods manufacturing facility. **In 2018, we reduced CO₂ emissions by over 10.5 million pounds compared to our 2010 baseline year.**



CARBON EMISSIONS IN POUNDS PER SALES DOLLAR



GREENHOUSE GAS EMISSIONS IN POUNDS PER SALES DOLLAR



Our greenhouse gas (GHG) reduction effort is supported by our carbon footprint reduction efforts. The emissions we measure include the regulated emissions from our industrial processes. We focus on lowering our energy use, using cogeneration to produce heat and power, making process improvements, and deploying of GHG reduction technologies wherever possible.



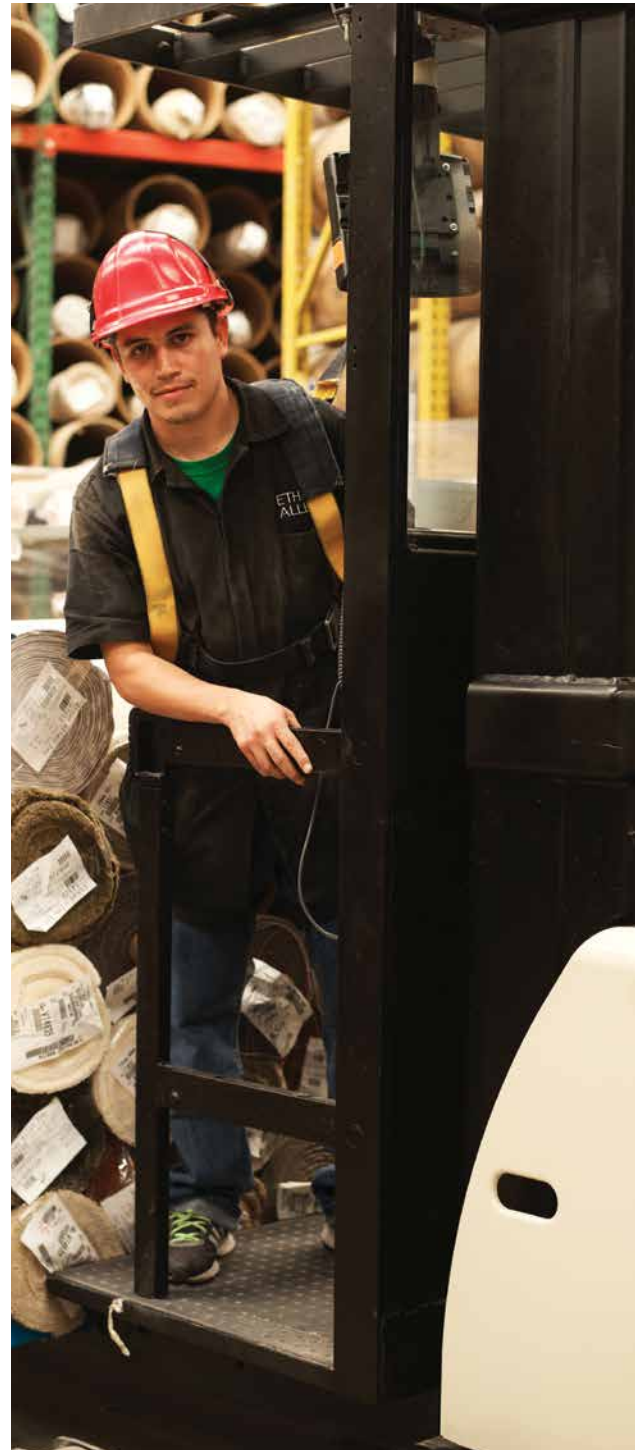
SAFETY, FAIRNESS & OPPORTUNITY

AT ITS CORE, ETHAN ALLEN'S STORY IS THE STORY OF A SMALL FAMILY BUSINESS THAT BECAME A QUINTESSENTIAL AMERICAN BRAND. WE GOT OUR START WHEN TWO BROTHERS, NAT ANCELL AND TED BAUMRITTER, BOUGHT A SAWMILL IN BEECHER FALLS, VERMONT, AND STARTED MANUFACTURING HOME FURNISHINGS.

The dream our founders had then is the dream so many small business owners have today: They wanted to devote their lives to a craft they loved, benefiting themselves, their workers, and their community. Their hard work catapulted Ethan Allen from small family business to the multinational, publicly traded, world-renowned furniture brand that it is today. *We've generated billions in economic revenue over our nearly 90 years in business.*

Ethan Allen is where it is today because furniture retailers of yesteryear gave us a shot: They were willing to partner with a small vendor that manufactured furniture in a remote corner of a small state. Just as they worked with us, as a way of paying it forward, we now work with emerging businesses, both in the U.S. and around the world.

- We believe in the dignity of work and the satisfaction that comes from a job well done. Employment contributes to financial prosperity and boosts individual self-esteem and community well-being.
- We believe that people who craft products for us, no matter where they are in the world, should work in a safe environment and receive fair wages and benefits.
- We believe that when we use a community's natural resources, we should harvest them responsibly, with good stewardship and renewability in mind.



IT STARTS CLOSE TO HOME...

Seventy-five percent of what Ethan Allen sells is still manufactured in our North American workshops.

We still use wood milled from logs in our Beecher Falls sawmill, and we still manufacture wood furniture in Orleans, Vermont.

...AND EXTENDS AROUND THE WORLD.

When we seek out partnerships with international suppliers and vendors, we look for artisans who use traditional methods, source local materials, and have a reputation for being the best at what they do.

We feel a sense of responsibility both to the communities we serve and to the workers who manufacture our products. No matter where we do business around the world, our values remain the same.



SAFETY AT WORK

A commitment to social responsibility begins with a commitment to the safety of our associates. We have well-established programs, guidelines, policies, and training materials on a range of environmental health and safety (EH&S) policies. In addition to receiving safety training during their orientation, associates receive periodic, ongoing training to minimize injuries, occupational diseases, and work-related risks.

Each of our locations posts a daily metric: the number of days without time lost because of an accident. ***In recent years, our Maiden, North Carolina, plant earned recognition for having over 1 million payroll hours without lost time.***

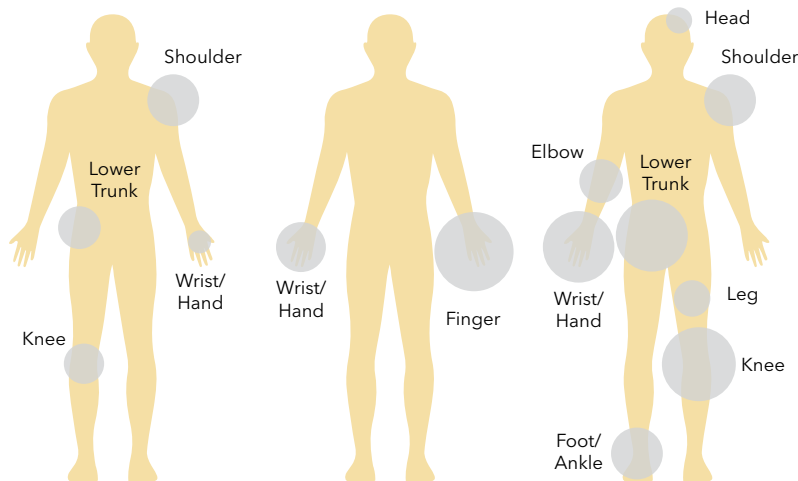
TRACKING INCIDENTS

Our EH&S team collects and analyzes workplace accident information across all company-owned locations. We classify incidents by seriousness, based on both quantitative metrics like lost time, and qualitative metrics, like types of medical treatment required beyond first aid.

In addition, we work with our insurance providers to aggregate information that helps us get to the root causes of injuries. To prevent future incidents, we then take steps to make our physical spaces and our procedures more safe.

INJURIES: CAUSES AND SOLUTIONS

COMMON INJURIES BY FREQUENCY, 2016-2018



OBSTRUCTION

Solution: Inspect walking and work surfaces, clear aisles, and remove clutter from the work area.

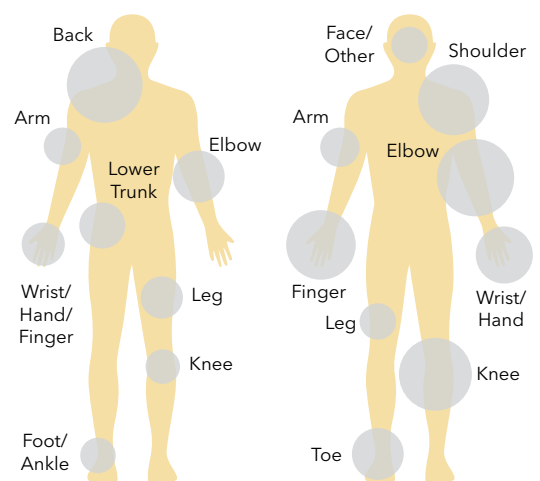
CUT/PUNCTURE

Solution: Require cut-resistant gloves, inspect for sharp tools, and train associates to cut away from the body.

SLIP/TRIP/FALL

Solution: Clear obstructions and install non-skid walking surfaces.

LOW-COST, HIGH-FREQUENCY CLAIMS



SPRAIN/TEAR

Solution: Create a more ergonomically sound work environment, train workers on proper lifting, reduce product weight, and develop better engineering controls.

INFLAMMATION

Solution: Develop local programs that encourage movement for ongoing mobility.

MONITORING PROGRESS

As part of our standing agenda, we review both accidents and close calls within our facilities during monthly and quarterly conference calls. Reviews include both a listing of accidents and an open discussion of potential root causes and contributing factors.



PRODUCT SAFETY FROM DESIGN TO DELIVERY

Ethan Allen has always had a strong reputation for delivering a quality product to its clients. A well-defined quality control program documents testing and product inspection, improves product quality, and ensures client satisfaction.

Our compliance team works with in-house merchants, manufacturing facilities, and international suppliers to make sure all Ethan Allen products meet uniform product standards. This work involves key personnel—engineering, quality control, and inspection staff—and a commitment to quality from the instant a product is designed to the moment it's delivered to a client.



Most of our furniture is custom-made, mostly in our North American plants. When we do work with import vendors, we ensure the products they make meet the same quality standards as those in our North American plants. We expect plants to conduct regular factory inspections and rigorous product testing.

HOW ETHAN ALLEN PRODUCTS ARE MADE

Step 1

Design Concept: Designers start with a new product concept—the driving core and backbone of each product—which includes the base material, such as wood or metal.

Step 2

Design Drawing: Design engineering staff develop a detailed CAD drawing of the new product, including important details that contribute to the integrity and quality. The drawing explains product specifications to an extraordinary level of detail, so our manufacturers know exactly what's expected.

Step 3

Design Package: Compliance staff create a detailed packet for each design that includes testing procedures, including regulatory chemical testing and responsible labeling guidelines. The packet is sent to the designated factory for review and development.

Step 4

Factory Sample: While the first sample is built, the factory's engineering and quality control team members remain in constant communication with both designers and compliance staff.

Step 5

Construction Review: New products are submitted to performance testing to ensure quality and regulatory compliance.

Step 6

Final Review: New products and test results are sent to Ethan Allen headquarters for review. Designers and compliance staff send detailed comments and corrective recommendations back to the manufacturing facility.

Step 7

Final Approval: Factories review and execute corrective action. They retest each product, submit reports to Ethan Allen, and start manufacturing the final product upon approval.

Step 8

Quality Control: Factories inspect products at all stages, relying on trained employees who then communicate their findings to factory management and take corrective action as needed.

Step 9

Responsible Packaging and Labeling: Products are labeled so that all government regulations, plus care and assembly instructions, are clear and informative. Ethan Allen ensures that suppliers package products securely, so they arrive safe and intact in client homes.

INSPECTIONS AT ALL STAGES

All Ethan Allen products begin with clear-cut design specifications and a compliance packet that includes detailed testing procedures we expect vendors to follow. When factories build the first sample of a product, their engineers and quality control team members stay in constant communication with both Ethan Allen designers and compliance staff about the results of their inspections and product tests. Here are some examples of inspections an Ethan Allen vendor may perform:

TIP-OVER TESTING

We follow all ASTM (American Society for Testing and Materials) International standards, which includes subjecting all clothing storage units, like dressers, to tip-over testing to ensure they remain stable. We also include tip restraint kits with each storage piece.



LIGHTING CONSTRUCTION REVIEW

When we introduce new lamps into our product assortment, a third party conducts an initial construction review. Lamps are inspected at the factory before shipment, both for performance and workmanship.

LUMBER INSPECTION

When milled lumber comes into a factory where we manufacture wood furniture, we inspect the lumber for quality before sending it to the floor to be used in building furniture.

PRODUCT TESTING

In addition to conducting inspections for product quality, we test all products to ensure they comply with state, federal, and provincial laws. We require suppliers to document that every product passes tests for both workmanship and performance standards; from furniture to lighting, any product bearing our name meets or exceeds safety standards.

We expect suppliers to set up and maintain a quality control system that encourages two things: teamwork and a commitment to always raise the bar on delivering a high-quality product. Quality reviews and insights are constantly evaluated, and factory personnel implement changes when needed to maintain a high standard of quality.

QUALITY ASSURANCE AFTER THE SALE

Despite rigorous testing, there are times a client's product may not perform as expected. Our compliance team works closely with Ethan Allen's Client Services department to address issues that come up after the sale.

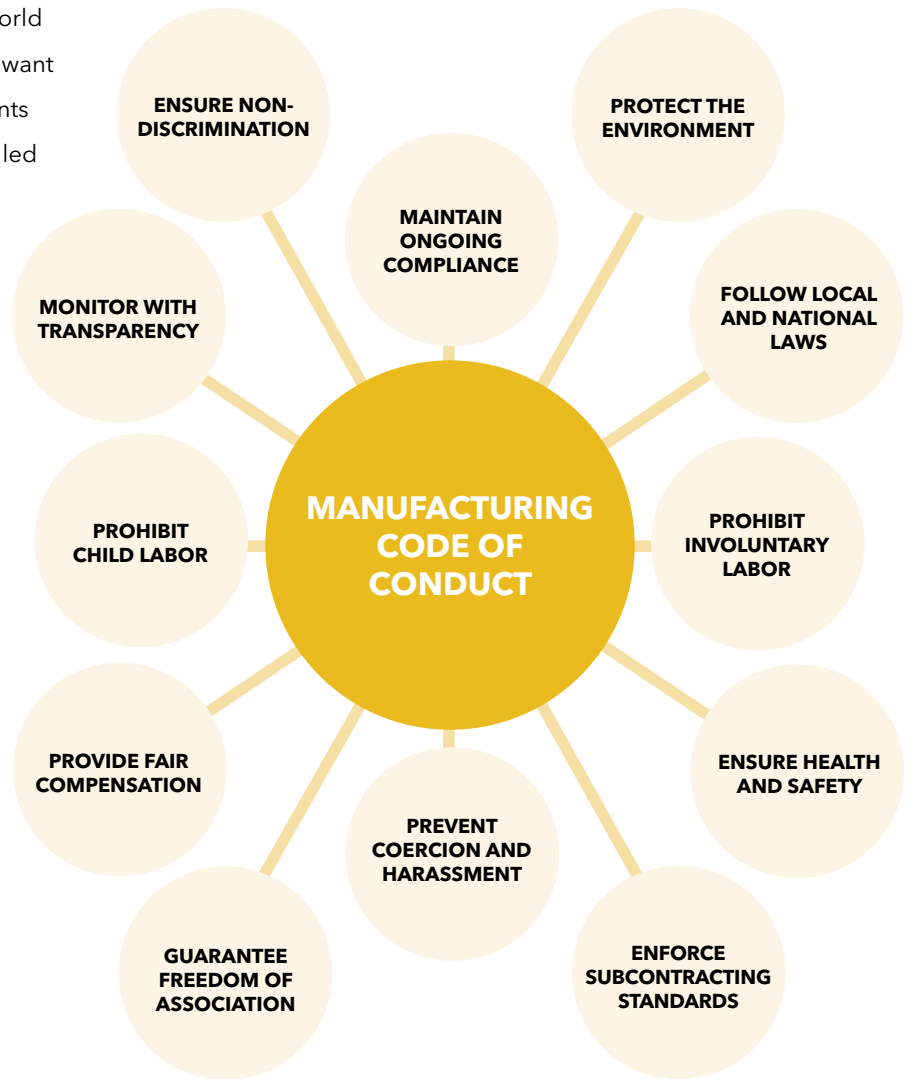
Client Services holds regular conference calls with our merchandising, factory operations, compliance, and retail teams, letting them know what service requests they've received regarding products. The entire Ethan Allen team—manufacturing, merchandising, and compliance—then gets to the root cause of any quality issues, working with vendors to create corrective action plans so the issues don't continue to happen.

MANUFACTURING CODE OF CONDUCT

Ethan Allen merchants travel all over the world searching for products and crafts that they want to bring back to our clients: things our clients won't find anywhere else. That journey has led to an unbeatable product selection, from rugs hand-loomed in India to sculptures crafted from marble in Indonesia. It has also led to relationships with vendors who've never worked with large companies.

Ethan Allen published its Manufacturing Code of Conduct in 2016. It's the standard against which Ethan Allen, in partnership with third-party auditors, measures vendor compliance related to ethical business practices and the fair treatment of workers.

We are committed to working with and educating our supplier network as a way of improving labor conditions worldwide. For our business partners, following our Manufacturing Code of Conduct is just as important as meeting our product quality standards.



THIRD-PARTY AUDITS

To assess vendor compliance at individual production facilities, Ethan Allen partners with industry-recognized third-party auditing companies known for their professionalism, consistency, and credibility. **Between 2016 and 2018, vendors like Bureau Veritas and Elevate conducted over 120 labor compliance audits in eleven countries on our behalf.**

These audits provide independent, impartial assessments of factory performance against our Manufacturing Code of Conduct. We tailor factory assessments to each facility's

unique production challenges, addressing the continuous improvement plans that factory managers have developed through ongoing dialogue with our compliance team.

Our goal is to obtain 100% compliance; as we work to meet that goal, we address the root causes of noncompliance within each facility. Our team also attends labor compliance seminars and meetings, where we can collaborate across international and industry lines to address labor compliance topics throughout the global supply chain.

WHEN AUDITS HAPPEN

FACILITY PERFORMANCE	AUDIT FREQUENCY
ACCEPTABLE	EVERY YEAR
VERY GOOD	EVERY TWO YEARS
ONGOING CORRECTIVE ACTION PLAN	EVERY THREE MONTHS TO ONE YEAR

WHAT IS AUDITED

<p style="text-align: center;">FACILITY INTEGRITY</p> <p>Vendor follows anticorruption standards</p> <p style="text-align: center;">PERSONNEL RECORDS</p> <p>Employee ages to ensure no child labor</p> <p>Full-time vs. part-time status of workers</p> <p>Worker country of origin (to ensure proper documentation for migrant workers)</p> <p>Working hours, including regular hours, overtime, and rest days</p> <p>Payroll, compensation, and benefits</p> <p>Production-related documentation</p> <p style="text-align: center;">LICENSES & PERMITS</p> <p>Vendor has appropriate factory business license, equipment licenses, and health certificates and permits</p> <p style="text-align: center;">ENVIRONMENTAL STANDARDS</p> <p>Safe chemical labeling, storage, and emergency procedures</p> <p>Appropriate disposal of wastewater and solid waste</p> <p>Safe disposal of waste from industrial processes</p> <p>Clean air emissions</p>	<p style="text-align: center;">FACILITY ACCESS</p> <p>Vendor allows auditor to access documents and talk to workers</p> <p style="text-align: center;">POLICIES & PROCEDURES</p> <p>No forced labor</p> <p>Freedom of association</p> <p>Nondiscrimination</p> <p>No tolerance of harassment</p> <p>Minimum legal worker age</p> <p>Wages and hours worked, including systems and procedures for recording</p> <p style="text-align: center;">HEALTH & SAFETY</p> <p>Clean air and ventilation</p> <p>Potable drinking water</p> <p>Personal protective equipment</p> <p>First aid kits</p> <p>Access to medical treatment</p>
--	---

TEACHING OUR STANDARDS

Vendor education is an essential part of Ethan Allen's relationship with suppliers. In one-on-one conversations and through training programs, we give vendors the chance to outline the steps they plan to take to achieve compliance and then to take corrective action where needed.

Compliance is always a moving target, especially since supplier business practices are always evolving. Ethan Allen works with auditors who offer continuing education opportunities, in the vendor's country and in the vendor's own language. These include

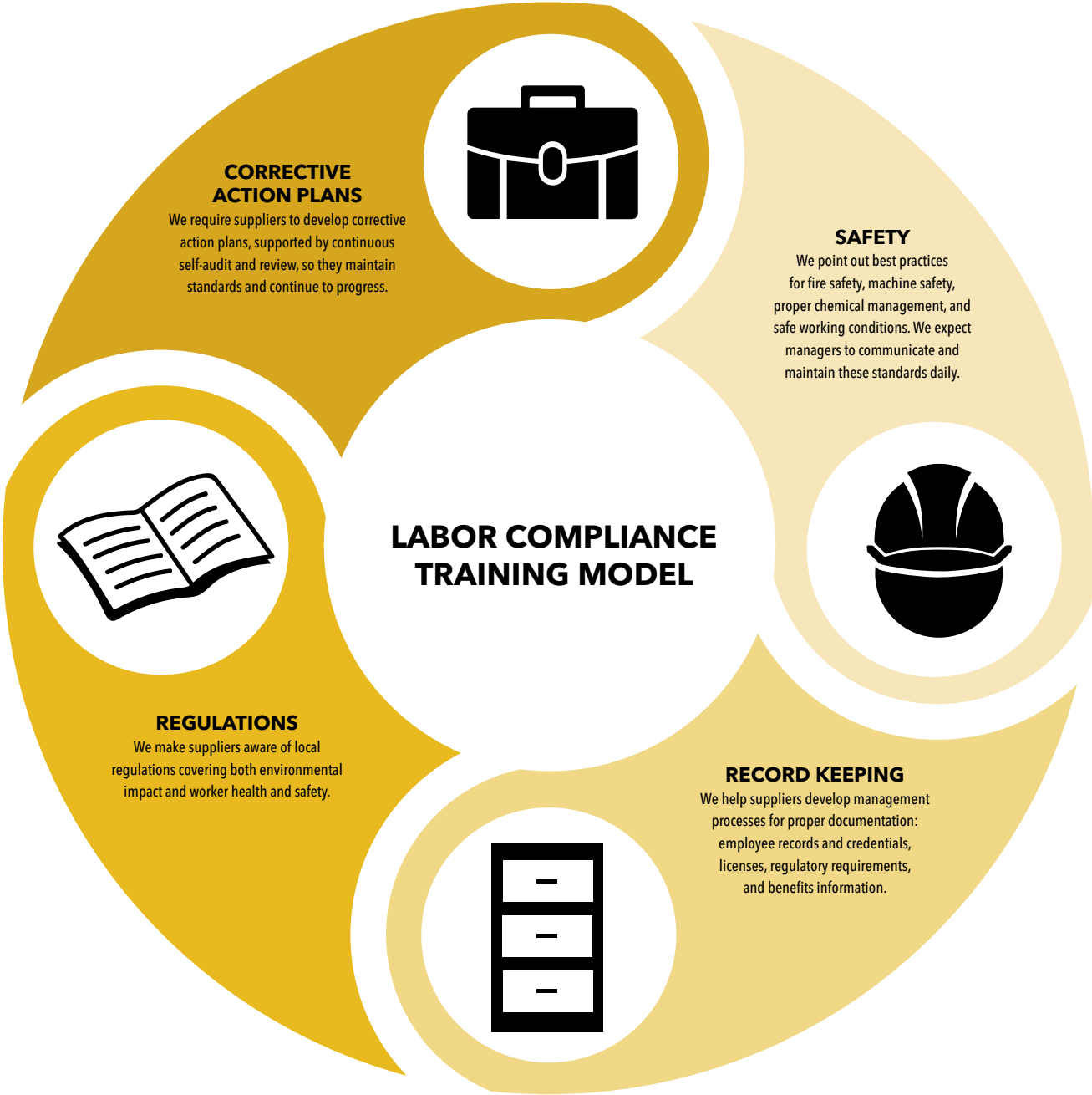
- yearly seminars, conducted by training staff from the third-party company in the vendor's own language; and

- additional compliance training for factory managers that explains the need for transparency, capacity building, and improvement in their labor compliance systems.

In addition to offering educational opportunities, we help vendors take ownership of their own compliance programs by encouraging employee participation.

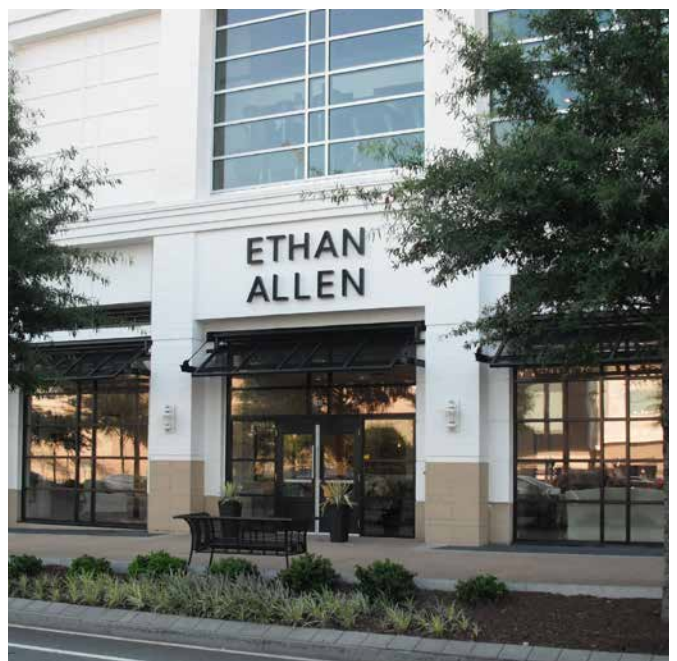
Within Ethan Allen's program, each factory appoints its own compliance coordinator. Many also develop committees, staffed by employees and owners, to oversee ongoing topics, like health and safety, or to work with factory management on production schedules. As factories advance toward their compliance goals, owners grasp the core value of getting on board: They become a much more attractive supplier to a wide range of brands.



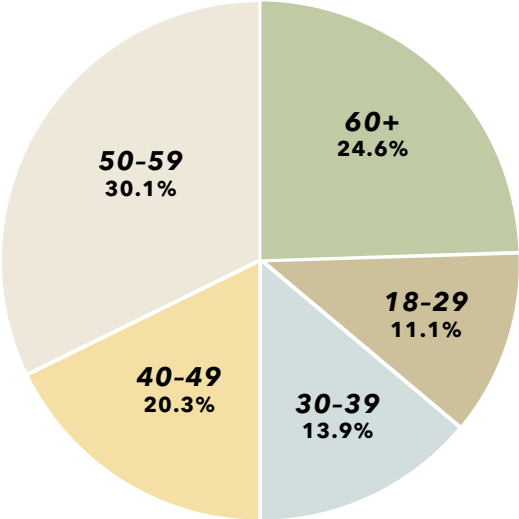


OUR ASSOCIATES

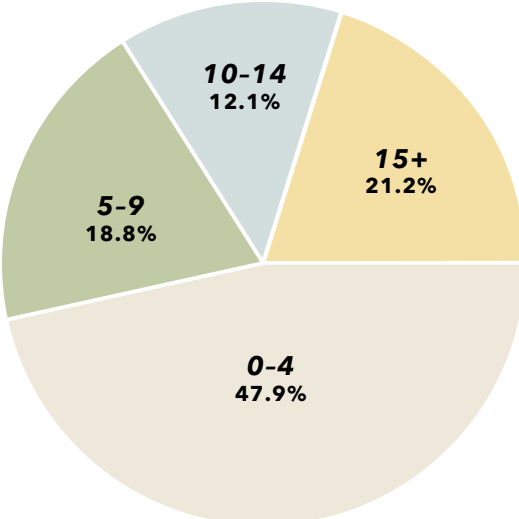
Ethan Allen is an Equal Opportunity Employer committed to diversity and a welcoming atmosphere in the workplace. In some ways, we've met that commitment, especially in terms of our associates' intergenerational makeup. **We're also proud to note that 40% of our executives are women.** At the same time, we have room for improvement, especially in terms of recruiting a more ethnically diverse workforce.



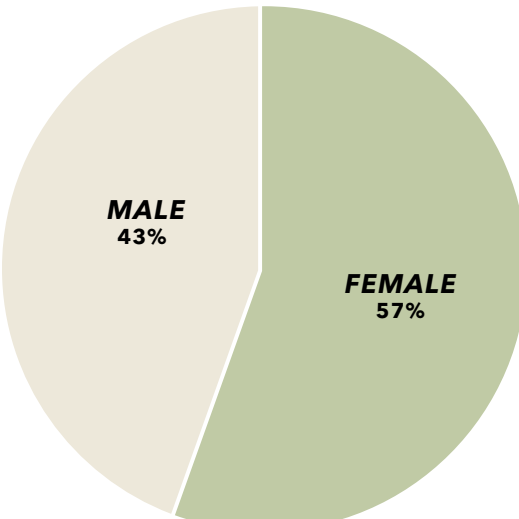
ETHAN ALLEN ASSOCIATES
(LOCATED IN THE UNITED STATES)



AGE



YEARS OF SERVICE



GENDER

WE THE PEOPLE OF ETHAN ALLEN



Ethan Allen was a Revolutionary War hero and pioneer. His pioneering spirit is in our DNA; we are proud to carry his name. Being a pioneer means breaking new ground, and that's something our company has always done.

- We created the first furniture gallery showrooms in our industry, staging furnishings not in rows of like items but in real room arrangements that allowed our clients to picture their new furniture in their homes.
- We were also among the first furniture retailers to offer complimentary interior design service.

At Ethan Allen, our people share that pioneer spirit. They take responsibility for both themselves and the role they play in making our business successful. Our corporate social responsibility commitment is an entrepreneurial endeavor, guided by our ten leadership principles.



OUR LEADERSHIP PRINCIPLES

1

LEADERSHIP

Our first environmental management system began with a policy developed by our Environmental Health & Safety director, Paul Kaminski, and approved by our chairman and CEO, Farooq Kathwari. Expectations set at our headquarters are only a starting point. Our associates own this effort, leading from the grassroots, in big and small ways.

2

CHANGE

Rooted in their entrepreneurial spirit, our associates lead change from the ground up. They don't wait to be told what to do; they take initiative, from developing recycling programs to volunteering in their communities.

3

ACCESSIBILITY

In an Ethan Allen plant, you'll find managers for our environmental programs. You'll also find associates who volunteer to be point persons for tracking our carbon footprint, or who participate in their plant's safety committee. Their ownership keeps efforts local and ensures that decision-makers are accessible to anyone.



4

SPEED

Accessibility and a local focus breed agility in our corporate citizenship efforts. When our associates see that something needs to happen, they can feel empowered to take action immediately, with the support of local managers and leaders.

5

CLIENT FOCUS

Ethan Allen keeps clients at the forefront of every decision we make. Our clients, in this sense, aren't just people who pay for an Ethan Allen product; they're associates who trust us to keep conditions safe or people who live in a community that we serve.



6

HARD WORK

Environmentally friendly purchasing, efficient operations, chain of custody, compliant product testing, waste management, and more are part of the job description for corporate leaders, merchants, and our compliance team.



7

EXCELLENCE + INNOVATION

When it comes to corporate citizenship, we foster an entrepreneurial environment. We encourage individuals or on-site teams to come up with innovative ideas that they can implement locally. These ideas often become best practices that other locations throughout the company can use.

8

PRIORITIES

An entrepreneurial attitude breeds a lot of new ideas, but setting priorities requires a framework that keeps us focused. As we look forward to the next decade, we're deepening our commitment to sustainability and social responsibility by setting specific goals related to our carbon footprint and resource usage.



9

CONFIDENCE

Our sustainability and social responsibility efforts have earned a range of honors (see page 9). We take pride in our achievements, even as we acknowledge there's more work ahead



10

JUSTICE

The reason we do all of this is simple: We care about the communities in which we live and work. Taking care of those communities—preserving the quality of their landfills, groundwater, and air quality, for the sake of our children and for our neighbors—is the right thing to do.



ETHAN ALLEN



The mark of responsible forestry



Printed on Rolland Enviro® Print, 100 lb text. This paper contains 100% post-consumer fiber and is manufactured using renewable biogas energy. It is certified FSC®, Processed Chlorine Free and Ancient Forest Friendly™. ©2019 Ethan Allen Global, Inc., Danbury, CT. All rights reserved. Printed in USA.