



ANDERSEN CORPORATION
SUSTAINABILITY REPORT 2011

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A WORD FROM OUR CEO

As the tenth president of Andersen Corporation, I am honored to carry on the traditions of our company started by Hans and Fred Andersen and followed for more than 100 years. My role is to keep our company moving forward as a leader in the window and door industry while upholding the values of Integrity, Excellence, Innovation, Partnership and Corporate Citizenship that have guided our company for more than a century.

Being the largest window and door manufacturer in North America brings with it the responsibility to make high-quality, energy-efficient, sustainable products that are manufactured and sold responsibly. Our headquarters has been located on the banks of the scenic St. Croix River from our founding, so we recognize how important it is to protect the river and the surrounding environment while supporting our community and all our neighbors.

Andersen employees are the working partners at the heart of our company's success. We value all of our employees, including the scientists and engineers, the sales and marketing professionals, the office and administrative staff and the production workers

who enable Andersen to be a leader in product innovation, design, construction and, most important, customer satisfaction. Our company has a long history of industry firsts, and it is a great source of pride for our people who continue to be the drivers of innovation and the power of the Andersen® brand.

Equally important is our commitment to giving back to the communities in which we live and work. This is evident in our long and rich history of charitable giving focused on affordable housing, education, human services and cultural enrichment. The Andersen Corporate Foundation has donated more than \$50 million to a wide range of worthy causes since its founding in 1941. All throughout the company, our employees give generously of their time and resources as their way of making a difference.

Andersen also has an enduring commitment to the environment. Sustainability is not a fad for us, it is in our DNA. From the performance of our products, to the innovative materials we use and the responsible ways that we use them, to the way we run our operations, we are committed to minimizing our environmental impact and collaborating with both government and non-government organizations to raise the standards of sustainability within our industry.

This is who we are at Andersen.



SUSTAINABILITY IS NOT A FAD
FOR US, IT IS IN OUR DNA. ”

A handwritten signature in black ink, which appears to read "J. Lund". The signature is fluid and cursive.

⌚ JAY LUND President & CEO

A WORD FROM OUR DIRECTOR OF CORPORATE QUALITY & SUSTAINABILITY

It is a great privilege to serve as a steward of sustainability at Andersen Corporation. Founder Hans Andersen described our company culture and products as *Different and Better*. This phrase remains true today and continues to guide our vision and actions. *Different and Better* means setting higher standards and is supported by deeply rooted values that by nature demand more from an organization than simply turning a profit.

As we look ahead, we will maintain our leadership with four key sustainability strategies. First, in Partnership with our suppliers, we intend to procure responsible materials in a responsible manner. This drives Innovation in thinking and in new material technologies. Second, we will seek to minimize the impact

our manufacturing and distribution operations have on our planet. Corporate Citizenship and Excellence serve as the compass for this work. Third, our products will continue to stand for Integrity, enabling our customers to minimize their environmental footprint with maximum energy efficiency and engineered durability. Finally, we will foster an internal culture where sustainability is the basis for ongoing employee education, engagement, and pride.

Successful, established companies take a long-term approach to planning. Privately-held companies have the unique ability to look beyond quarterly reports to see what's best for the long-term stability of the company, its people and the environment. At Andersen, our 100-year history guides us as we seek sustainable solutions beyond our own walls.



A handwritten signature in black ink that reads "Jim Weglewski".

 **JIM WEGLEWSKI**
Director of Corporate Quality & Sustainability



Sustainability

IN OUR NATURE

Our Mission

AT ANDERSEN CORPORATION, WE KNOW THAT WE MUST MEET THE NEEDS OF OUR COMPANY, COLLABORATORS AND CUSTOMERS TODAY—WHILE WE PROTECT, SUSTAIN AND ENHANCE THE HUMAN AND NATURAL RESOURCES NEEDED FOR THE FUTURE.

OUR COMMITMENT IS BASED ON CONTINUOUS IMPROVEMENT, SUSTAINABLE BUSINESS PRACTICES AND ENVIRONMENTALLY RESPONSIBLE DECISION-MAKING.

ALL OUR EFFORTS ARE DIRECTED TOWARD OUR THREE MAIN FOCUS AREAS:

- ① 1. Pursue responsible material strategy
- ② 2. Minimize operations impact
- ③ 3. Minimize consumer impact

TO THAT END, WE CONTINUOUSLY WORK ACROSS ALL DIVISIONS AND DEPARTMENTS TO:

- ① Minimize pollution at the source
- ② Conserve natural resources through reduction, reuse and recycling of materials as we promote energy conservation
- ③ Develop long-lasting products that have a minimally adverse effect on the environment
- ④ Continuously improve our environmental performance



Engaged Employees

The critically important element that encompasses and links all these efforts is our people. Employee engagement, education and pride fuel the engine that drives this work along our sustainability journey.

Key Accomplishments & Awards

CERTIFICATIONS

FSC CHAIN-OF-CUSTODY

Sustainable Forestry is defined as the practice of managing forest resources to meet the long-term forest product needs of humans while maintaining the biodiversity of forested landscapes. The [Forest Stewardship Council](#) (FSC) Chain-of-Custody certification is awarded to companies that meet FSC standards for traceability in their wood supply chain. Before a product may carry an FSC label, all stages of the production, distribution, and sale of the product must be independently evaluated and the wood must be tracked from the certified forest to the finished product. The certification was awarded by Scientific Certification Systems (SCS), the leader in third-party, independent green building product certification.



GREEN SEAL

Andersen was the first window and door manufacturer with [Green Seal](#) certified products. A select group of our products meet Green Seal energy efficiency requirements and are manufactured and packaged in a consistent, environmentally responsible manner. Visit our web site for a list of Andersen's Green Seal certified products.



ANDERSEN CORPORATION IS PROUD TO HAVE EARNED NUMEROUS PRODUCT AND ENVIRONMENTAL CERTIFICATIONS AND SUSTAINABILITY AWARDS.

NATIONAL FENESTRATION RATING COUNCIL

The [National Fenestration Rating Council](#)® (NFRC) is a non-profit organization that provides fair, accurate and credible energy performance ratings for windows and doors. The best way to compare energy-efficient windows and patio doors is to look at their NFRC labels. NFRC certification and labeling is required to meet ENERGY STAR® qualifications.



INDOOR AIR QUALITY

Providing a healthy indoor environment is an important element of sustainable design. Attaining this goal requires identification and specification of building materials that do not negatively impact indoor air quality.

Working with [Scientific Certification Systems](#) (SCS), Andersen® Architectural, A-Series, E-Series (formerly Eagle), 400 Series, 200 Series and 100 Series products have received the SCS Indoor Advantage™ Gold certification. This program conforms to the Collaborative for High Performance Schools (CHPS)—CA Section 01350 specifications.



PRE-CONSUMER RECYCLED CONTENT

Efficient use of materials reduces overall resource consumption and demands for additional material supply. Recycling materials in construction and recycled content in building components helps reduce the demand for natural resources. Andersen Corporation employs key strategies to leverage recycled content.



HALLMARK CERTIFICATION PROGRAM

The [Hallmark Certification Program](#) began in the 1940s and was developed by the Window and Door Manufacturers Association (WDMA). It is considered a mark of excellence among architects, contractors and manufacturers in the industry. To become certified, manufacturers must pass in-plant inspections, which include audits of quality control procedures. Manufacturers also undergo periodic inspections after the initial certification to ensure the production process continues to comply with Hallmark standards. Andersen has produced Hallmark-certified products since the 1970s with an ongoing commitment to sustainability and manufacturing processes that are environmentally responsible.

LEED CREDITS

The design and performance of every Andersen product, with its high energy efficiency and durability, carry out the spirit and intent of the [U.S. Green Building Council](#) (USGBC) and Leadership in Energy and Environmental Design (LEED) building certification program. Andersen products may assist projects to achieve one of the four LEED certification levels through various credits in these categories: Energy & Atmosphere, Materials & Resources and Indoor Environmental Quality. See our web site for more information.



63 OUT OF 69
POSSIBLE
LEED POINTS



The Most Sustainable Building in America

In June 2011, Holy Wisdom Monastery of Middleton, Wisconsin, was formally certified LEED Platinum. The monastery, built by Hoffman LLC of Appleton, Wisconsin, earned 63 out of a possible 69 LEED points, the most of any LEED-NC v2.2 building in the United States to date.

Andersen designed special windows for the monastery that would allow light in, while eliminating the need for blinds. The building is expected to yield more savings in energy costs and indoor water usage than any other energy-efficient structure in the U.S.

AWARDS

BAYPORT STEAM PLANT

Andersen has received numerous awards for our Bayport steam plant, including the *American Council of Engineering Companies' Grand Award* (2009), the *Minnesota Society of Professional Engineers Seven Wonders Award* (2009), and the *Green Business and Environmental Management Award* from the Minnesota Environmental Initiative (2007). Read more about the steam plant on [page 16](#) and in the December 2011 edition of [Green Manufacturer](#).

ENERGY STAR® SUSTAINED EXCELLENCE

Andersen Corporation was awarded the U.S. Environmental Protection Agency's (EPA) 2012 [ENERGY STAR®](#) Sustained Excellence Award for our family of window and door brands including Andersen®, Renewal by Andersen®, Eagle®, American Craftsman® and Silver Line®.

The ENERGY STAR Sustained Excellence distinction is reserved for ENERGY STAR partners demonstrating outstanding leadership year after year. The 2012 Sustained Excellence Awards are given only to organizations that have been named ENERGY STAR Partner of the Year for three or more consecutive years.

"Andersen Corporation's outstanding accomplishments show that improved energy performance can be good for the environment and good for business," stated Jonathan Passe, Chief, ENERGY STAR Residential Branch, in a letter to the company.

THE ENERGY STAR SUSTAINED EXCELLENCE DISTINCTION
IS RESERVED FOR ENERGY STAR PARTNERS DEMONSTRATING
OUTSTANDING LEADERSHIP YEAR AFTER YEAR.

HANLEY WOOD 100 NEW BEST PRODUCTS OF THE YEAR

Andersen Corporation was proud to receive the 2010 *100 New Best Products of the Year* award from Hanley Wood for our streamlined and versatile 100 Series products, made with patented Fibrex® material containing up to 24 percent pre-consumer recycled content.*

Hanley Wood's *Building Products Magazine*, along with their website [ebuild](#), provides the largest online directory of building products for homebuilders and remodelers. In describing the Top 100 list, *Building Products Magazine* noted, "It's hard to deny not only the influence on green building on manufacturers' R&D, but also the overwhelming desire of contractors to learn more about the products that make up sustainable homes."



*Certified recycled content varies by product.
Visit andersenwindows.com for specific certified values.

SUSTAINABILITY PARTNERSHIPS

EPA SMARTWAY® PROGRAM

Andersen Corporation has proudly participated in the Environmental Protection Agency's (EPA) [SmartWay® Transport Program](#) since 2008. Companies that participate in SmartWay transport programs save money, reduce fuel consumption and are recognized for their social responsibility and leadership. The program is a unique collaboration between EPA and the freight sector designed to improve energy efficiency, reduce greenhouse gas and air pollutant emissions, and improve energy security.



COMBINING THESE INITIATIVES IMPROVES DAILY FUEL EFFICIENCY, ELIMINATES EXCESS MAINTENANCE, AND IMPROVES OVERALL ROI, ALL WHILE HELPING THE ENVIRONMENT.

Andersen's private commercial motor vehicle fleet gathers data and measures driving performance, excess idle time, emissions and other information from truck on-board computers. Desired levels are established and set to enable lower standard speed limits and monitor driving habits for better fuel efficiency. Automatic air gauges on our semi trailers help maintain optimal tire pressure, also improving mileage.

Combining these initiatives improves daily fuel efficiency, eliminates excess maintenance, and improves overall return on investment (ROI), all while helping the environment. More than 50 percent of Andersen's hired carriers are also SmartWay program participants.

ALLIANCE TO SAVE ENERGY

Andersen is a member of the [Alliance to Save Energy](#), an organization promoting energy efficiency. The alliance is made up of members of Congress and corporate executives committed to promoting energy efficiency.





Our Company

A CENTURY-LONG VIEW

Andersen Corporation

HEADQUARTERED IN BAYPORT, MINNESOTA, ANDERSEN CORPORATION IS AN INTERNATIONAL CORPORATION EMPLOYING 9,000 PEOPLE IN LOCATIONS ACROSS NORTH AMERICA WITH SALES WORLDWIDE.

-
- ⌕ Our brands include Andersen® windows and doors, Renewal by Andersen® windows, Silver Line® windows and doors, American Craftsman® windows and doors, Eagle® windows and doors, and EMCO® storm doors
-
- ⌕ Andersen was among the first window manufacturer partners accepted into the Environmental Protection Agency's ENERGY STAR® Program and was recently awarded the ENERGY STAR Sustained Excellence Award, recognizing Andersen as an ENERGY STAR Partner of the Year Product Manufacturer, Windows Category for three consecutive years



Energy Totals

OVER THE PAST FIVE YEARS, ANDERSEN CORPORATION HAS REDUCED ITS ENERGY IMPACT AND ANNUAL COST IMPACT OF ENERGY CONSUMED. ADDITIONALLY, FROM 2007 TO 2011, THE CORPORATION REALIZED MORE THAN \$3 MILLION IN ENERGY SAVINGS DUE TO ENERGY REDUCTION PROJECTS, BEHAVIORAL CHANGES AND PRODUCTION VOLUME.

\$3,058,674
TOTAL SAVINGS

Year*	ELECTRIC		THERMAL		COMBINED ENERGY		ENERGY REDUCTION PROJECTS		
	kWh	Annual Cost Impact	MMBTU	Annual Cost Impact	MMBTU	Annual Cost Impact	Energy Impact MMBTU	Annual Cost Impact	Energy Rebates
2007	260,194,943	\$ 20,283,495	711,612	\$ 6,133,057	1,600,225	\$ 26,416,552	(35,948)	\$ (436,140)	\$ 630,250
2008	236,614,231	\$ 20,009,825	642,998	\$ 5,441,738	1,451,078	\$ 25,451,563	(17,307)	\$ (328,080)	\$ 171,734
2009	203,742,496	\$ 17,798,508	621,161	\$ 4,532,693	1,316,978	\$ 22,331,201	(13,349)	\$ (246,916)	\$ 6,763
2010	218,271,455	\$ 18,623,878	591,875	\$ 3,841,655	1,337,312	\$ 22,465,534	(9,522)	\$ (160,295)	\$ 61,186
2011	200,084,793	\$ 17,569,998	558,602	\$ 3,448,582	1,241,928	\$ 21,018,580	(27,833)	\$ (519,769)	\$ 497,540
5 Year Change	-23%	-13%	-22%	-44%	-22%	-20%	(103,958)	\$ (1,691,201)	\$ 1,367,473
Total Savings								\$ 3,058,674	

*Enterprise Energy Totals: Includes manufacturing facilities in Minnesota and Wisconsin. Renewal by Andersen Showroom locations are not included. Thermal includes natural gas, wood (Bayport fuel) and propane (Luray fuel). Combined Energy includes electric and thermal. Energy Reduction Projects: Enterprise detailed project data not available prior to 2011. 2007, 2008 and 2010 data reflect Bayport location only; 2009 data reflect Bayport, Menominee, and North Branch locations; 2011 data reflect all enterprise locations.

HISTORY OF FIRSTS

Andersen Corporation's legacy of innovative craftsmanship began over a century ago along the banks of the St. Croix River. Founded in 1903, environmental stewardship comes with the territory. From the beginning we've had an unwavering commitment to energy-efficient and environmentally sustainable business practices. We continuously strive for our facilities, processes and products to meet or exceed all environmental regulations.

Throughout our corporation's history, we've focused on innovation, optimizing the quality and durability of our products and ensuring that we implement sound, responsible business practices, from materials to manufacturing, transportation and end use. Energy efficiency is one of the key measurements for all of our product offerings, as well as a driver in the market. Our commitment to conserving resources is recognized by customers, rating programs and regulatory bodies, as evidenced by our awards and certifications but we are not committed to sustainable practices for the accolades. We practice sustainability because it's the right thing to do. Durable, energy-efficient products benefit our customers and the environment as they reduce operating costs and foster life cycle thinking.

- ⑤ **2010:** Andersen unveils A-Series windows and doors, our highest-performing line of windows and patio doors offering the widest range of colors and designs
- ⑤ **2009:** Andersen introduces 100 Series windows and doors made from Fibrex® material and featuring responsible construction, economical pricing and energy-saving performance
- ⑤ **2008:** Andersen receives Scientific Certification Systems (SCS) *Indoor Advantage™ GOLD*, a certification meeting CA section 01350 specifications
- ⑤ **2008:** Andersen leads the industry with a Forest Stewardship Council (FSC) Chain-of-Custody certification for traceability in our wood supply chain (SCS-COC-001337)
- ⑤ **1999:** Andersen is the first window manufacturer to be named an ENERGY STAR® *National Window Partner of the Year*
- ⑤ **1997:** Andersen begins offering Green Seal-certified products, an industry-first, meeting Green Seal energy efficiency requirements
- ⑤ **1995:** Renewal by Andersen is founded, servicing homeowners with custom, low-maintenance, energy-efficient replacement windows
- ⑤ **1991:** Andersen develops Fibrex® material, a revolutionary composite made of reclaimed wood fiber from Andersen manufacturing and vinyl



- ⑤ **1983:** Andersen becomes the first window company to employ low emissivity (Low-E) as a standard glass technology, greatly improving energy efficiency
- ⑤ **1966:** The Andersen Perma-Shield® Cladding System, a tough vinyl exterior for wood windows, debuts to revolutionize the window industry
- ⑤ **1952:** Andersen develops first-of-its-kind new welded insulating glass, eliminating the need for storm panels
- ⑤ **1932:** The Andersen master casement window becomes the first completely-assembled window unit in the industry
- ⑤ **1905:** Andersen develops the two-bundle method, streamlining the window construction process and making fast, on-site construction possible

BAYPORT STEAM PLANT

In 2005, Xcel Energy notified Andersen Corporation that the company needed to find a new source of steam energy for our Bayport, Minnesota, facility. We met the challenge while adhering to our principles of environmental stewardship.

The plant has been fully operational since 2007 and supplies the entire heating and cooling demand for the 2.5-million square foot Bayport facility, and some of its manufacturing power.

TODAY, OUR UNIQUE STEAM PLANT ALLOWS FOR VIRTUALLY ALL RENEWABLE ENERGY WITH ITS WOOD-FIRED BOILERS AND A WARM WATER RECOVERY SYSTEM.

The primary boiler is fueled by sawdust collected from our on-site milling operations. In addition, the plant captures thermal energy contained in warm water discharge from the Xcel Energy power plant located just upstream on the St. Croix River. The benefits are two-fold: We extract existing heat, thereby lowering the water temperature for re-entry into the river, and the lower water temperature is good for the river's ecological balance.



STEAM SUPPLIES HEATING
& COOLING FOR

2.5 MILLION

SQUARE FOOT FACILITY

INNOVATION

Andersen Corporation's Research and Design team comprised of innovative outside-of-the box thinkers has been front and center for some of the most exciting times in our history.

For nearly three decades at Andersen, our dedicated and inventive material scientist Mike has enjoyed the freedom to experiment and discover. He has long been fascinated by understanding the apparent physical limitations of materials. With sophisticated measurement and testing techniques, supposed limitations often reveal untapped possibilities. Mike learned long ago that, faced with trade-offs, the right approach can sometimes yield the best of both worlds. Resolving technical conflicts and seeming impossibilities has become his trademark talent.

FIBREX MATERIAL

The development of Fibrex® material addressed one such conflict—how do you create a material with the strength and sustainability of wood and the low-maintenance benefits of an extruded polymer? With an eye to sustainability, Mike and the Andersen team

solved this problem by developing a patented material and process that combines reclaimed sawdust waste from existing wood fabrication processes with vinyl. The result was Fibrex material, which has since revolutionized the window and door industry. To date, this innovation has helped prevent the harvesting of approximately 90 million board feet of timber, by reusing waste wood fiber.

TRUSCENE® INSECT SCREENS

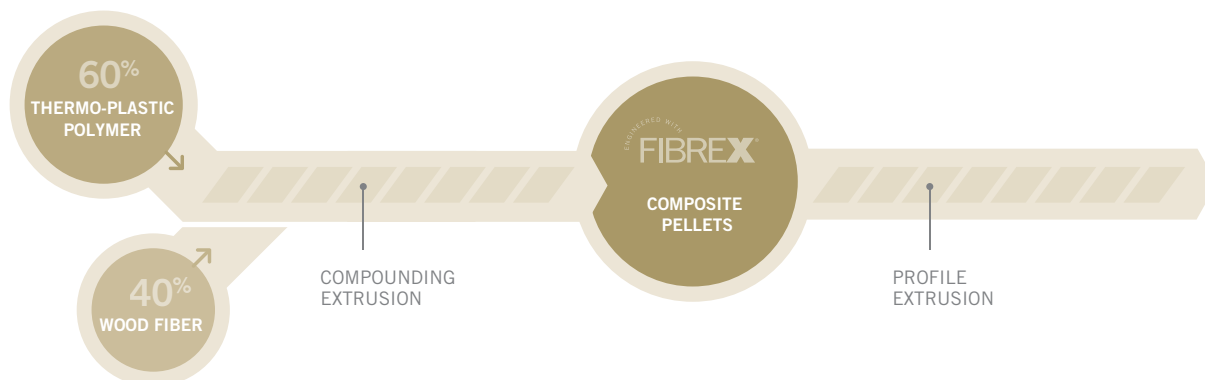
TruScene® low-visibility insect screens are another example of Mike's skills. The apparent conflicting needs for strength and low-visibility in an insect screen drove Mike and the Andersen team to investigate optical science and coating technologies. With new approaches to measurement of critical insect screen attributes, a patented technology emerged that has revolutionized the idea of the insect screen itself.

Mike has contributed to more than 20 U.S. patents over his career. "Being able to discover something new—that's the real kick," he shares.



Material scientists like Mike have helped Andersen develop major industry innovations such as Fibrex material and TruScene insect screens.

FIBREX® MATERIAL SUSTAINABLE SOLUTIONS



In 1993, Andersen finished development of the revolutionary and highly sustainable Fibrex® material. Fibrex material is a novel composite made of reclaimed wood fiber from our manufacturing operations and a special thermoplastic polymer, some of which is also reclaimed. It combines the strength and stability of wood with the low-maintenance attributes of vinyl.

Fibrex material technology has many benefits for use, including high durability, stiffness, moisture and heat resistance, non-conductivity and thermal insulating properties. Fibrex technology is leveraged across the Andersen Corporation product portfolio.

FIBREX® MATERIAL & SUSTAINABILITY

Andersen Corporation became the first Green Seal® certified window manufacturer in large part due to the environmental benefits of how we make Fibrex material. But the sustainability of Fibrex material extends to the home as well, assisting with insulation, durability and volatile organic compound (VOC) reduction.



- ⊙ **INSULATION:** Because of its superior thermal insulating properties, Fibrex material can help reduce heating and cooling requirements.
- ⊙ **DURABILITY:** The thermoplastic polymer in Fibrex material resists rot, decay and fungal growth, enabling a longer lifetime and reducing manufacturing demand. The product is warranted not to flake, blister, peel, pit or corrode.*
- ⊙ **VOC REDUCTION:** Fibrex material also helps reduce VOC emissions, since no wood preservative treatment or painting is required.

*See the individual product warranties at andersenwindows.com for warranty details.

Responsible Manufacturing

We take great care to manufacture our products in a responsible manner. Regular environmental audits of our manufacturing facilities verify that operating units comply with our company's environmental procedures and government regulations. These audits show consistently high environmental performance and continuous improvement of operations.

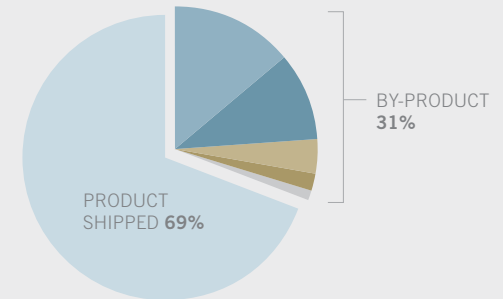
OUR GOAL IS TO CONTINUOUSLY REDUCE POLLUTANTS AND WASTE CREATED IN OUR MANUFACTURING PROCESSES.

Today, 99 percent of our Bayport manufacturing materials are beneficially used and our environmental stewardship is evident.

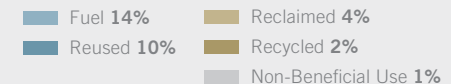
99%

BENEFICIALLY-USED
MANUFACTURING
MATERIALS

- The EPA's Project XL has enabled Andersen to earn an XL Permit for its unique environmental performance (*Excellence In Leadership*, see [page 27](#))—the only XL project in Minnesota and the 13th nationally
- The Andersen Environmental Management System (EMS) is tailored after ISO 14001, an international standard that helps manufacturers minimize negative effects on the environment
- Commissioned in 2007, the Steam Generating Facility at the Andersen plant uses wood by-products from manufacturing, a renewable resource as the plant's energy source
- Toxics Release Inventory (TRI) reportable emissions have been reduced by 96% since 1990
- Landfilled solid waste at Andersen's Bayport, Minnesota facilities has been reduced by over 90% since 1990



Manufacturing Material Usage



LIFE CYCLE APPROACH

One way to accurately measure a product's impact on the environment is to conduct a life cycle assessment (LCA), which is a mass balance of all inputs and outputs of a product. It includes the mining of raw materials, manufacturing, transportation and energy required to use the product, as well as the impacts after its original intended use is over (either land filled or recycled back into a new product.)



PRODUCT CATEGORY RULES

The window industry, along with the help of the [National Renewable Energy Laboratory](#) (NREL), is currently in the process of defining product category rules (PCRs). These rules ensure an even playing field and help define the scope of a Life Cycle Assessment (LCA). Product category rules are developed collaboratively and openly with all stakeholders at the table.

Once product category rules are in place and LCAs are conducted, manufacturers can place Environmental Product Declarations (EPDs) on their products. These are factual labels and differ from single-attribute green certifications in that they don't declare superior "greenness of the product." They simply state data about the product's environmental impacts. EPDs foster transparency and will ultimately promote product stewardship.

A LIFE CYCLE ASSESSMENT IS A MASS BALANCE OF ALL INPUTS AND OUTPUTS OF A PRODUCT.

PRODUCT STEWARDSHIP

Product stewardship is one contributing factor to the overall sustainability efforts of successful companies. Integrating it into the vision is key to making sure it's ingrained in all processes and not perceived as extra work. Regulatory efforts can be effective, however, industry-leading companies tend to stay ahead of impending governmental mandates as their core values guide them towards long-term success.

ANDERSEN SUPPLY CHAIN AWARDS

Andersen Corporation values strong supply chain relationships to enable quality, spur innovation, and reduce environmental and social impacts. In recognition of suppliers that focus on achieving these goals, Andersen hosted an *Innovation and Sustainability Supply Chain Awards* event in 2011, recognizing our top supply chain partners for improvements in energy and waste reduction, cost savings and customer focus.

ANDERSEN CORPORATION FOREST RESOURCES POLICY

Andersen Corporation recognizes its ongoing responsibility to conserve natural resources, and we extend our environmental ethic to the procurement of wood supplies to promote responsible forestry management practices and long-term material supply.

INCREASING COLLABORATIVE EFFORTS HELPS ELIMINATE WASTE, INCREASE PROFITABILITY AND ADD CUSTOMER VALUE—ALL WHILE REDUCING OUR IMPACT ON THE ENVIRONMENT.

Over 70 percent of wood we purchase is from certified sources, such as the [Forest Stewardship Council \(FSC\)](#) and the [Sustainable Forestry Initiative \(SFI\)](#). Buying certified wood ensures that forests are managed responsibly, maintaining the ecological system of the forest. We do not knowingly source wood from endangered forest regions or from suppliers illegally harvesting in violation of human rights, or harvesting from forests in which high conservation values are threatened. Andersen will consider sourcing wood from existing plantations, but will avoid sourcing from new plantations that are conversions of natural forests.



Beelian Ong, Senior Commodity Manager, Andersen Corporation (front row, left) presents Truth Hardware employees with the award for innovation.

Triple Bottom Line

AS WE WORK TO LEAD THE WINDOW AND DOOR INDUSTRY BY CREATING UNIQUE, SUPERIOR PRODUCTS, ANDERSEN CORPORATION MANAGES SUSTAINABILITY EFFORTS THROUGH A TRIPLE BOTTOM LINE APPROACH, FOCUSED ON PEOPLE, PROFIT AND PLANET.

PEOPLE

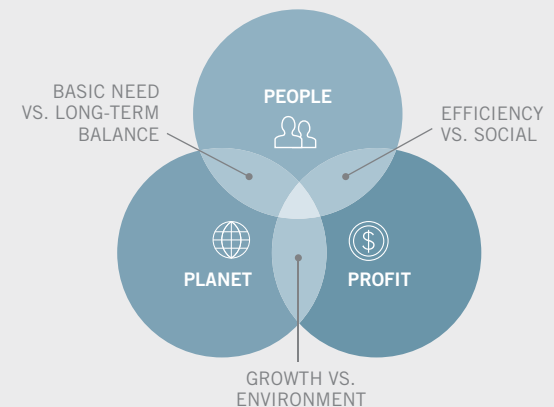
Andersen works to be an employer of choice in the window and door industry, as well as in the communities where we operate. We provide safe, secure and sustainable work environments for our employees and support a high-performance work culture. A+ Health, our employee health and wellness program, helps Andersen employees develop healthier lifestyles and improve their overall well-being. As part of our long-standing commitment to leadership in environmental stewardship, we want to make a positive impact in the community, with our business relationships and customers.

PROFIT

We protect the sustainability of our business by maintaining an efficient capital structure, driving financial improvement and strategically integrating quality and sustainability. We are committed to delivering shareholder value, which means weighing business decisions carefully to achieve objectives while still growing the bottom line.

PLANET

Preserving natural resources for future generations is paramount. We work to monitor and minimize the environmental impact of our business decisions, looking at all processes and products as a continuous renewable loop.



California State University
Moss Landing Marine Laboratory
Moss Landing, CA

Our Environment

BUILT & NATURAL



The Built Environment

OUR BUILT ENVIRONMENT HAS A DIRECT EFFECT ON OUR NATURAL ENVIRONMENT. BUILDINGS CONSUME NEARLY HALF OF ALL ENERGY PRODUCED IN THE UNITED STATES AND ARE THE LEADING CONTRIBUTOR OF GREENHOUSE GASES.

- ⑤ The operation of buildings uses more than 75% of all electricity produced in the U.S. *
- ⑤ While buildings are the single largest contributor of greenhouse gas (GHG) emissions, they are also the single largest solution to reducing GHG emissions

*According to the U.S. Energy Information Administration (EIA), seventy-six percent (75.7%) of all the electricity produced in the U.S. is used just to operate buildings. architecture2030.org 22 June 2012. web.



MANAGEMENT SYSTEMS

ANDERSEN MANAGEMENT SYSTEM

Originally created in 2002, the Andersen Management System (AMS) has had a few different names over the years, but one important focus: continuously improving material and information flows for all areas of the corporation. AMS focuses on lean manufacturing, corporate quality and stability. The system's primary goals are to delight customers while supporting employees, which is accomplished through the highest quality, lowest cost, shortest lead time and reduced impact on the environment in a safe and healthy workplace.

ENVIRONMENTAL MANAGEMENT SYSTEM

Each country relies on different standards that measure environmentally responsible practices. However, the [International Organization for Standardization](#) (ISO), a nongovernmental network of national standards institutes from 159 countries, has been at the forefront of a global effort to establish consistent, international standards that set a benchmark for environmental performance.

In particular, the [ISO 14001](#) standard provides a strategic, systematic approach to creating an environmental policy that thousands of companies around the world use. ISO 14001 also ensures that products are produced in an environmentally responsible manner and helps validate the performance and reliability of products available internationally.

Andersen Corporation designed its Environmental Management System (EMS) to contain the elements of the ISO 14001 standard and we are proud to have operated under EMS standards since 1994.



USGBC Charter Member

Andersen Corporation is a charter member of the [U.S. Green Building Council](#) (USGBC). We continue to support the council's efforts by sponsoring the national and local chapters, participating actively in council activities, and offering products contributing to LEED points that assist projects to achieve one of the four LEED certification levels through various credits in these categories: Energy & Atmosphere, Materials & Resources and Indoor Environmental Quality. See our web site for more information.

ENVIRONMENTAL COLLABORATIONS

Andersen promotes its environmental goals through collaborative relationships. Collaboration with nonprofit organizations that share our commitment to the environment such as The Nature Conservancy, Yellowstone National Park and many others beneficially impact the community. Additional alliances with Environmental Initiative and others help Andersen and the community achieve common environmental goals.

YELLOWSTONE PARK FOUNDATION

Andersen is pleased to have a partnership with Yellowstone National Park through the [Yellowstone Park Foundation](#). The park's sustainability program, the Yellowstone Environmental Stewardship (YES!) Initiative is a five-year sustainability plan that elevates the park as a worldwide leader in operational environmental stewardship.

Specifically the park aims to:

- ⑤ Reduce the park's greenhouse gas emissions by 30%
- ⑤ Reduce the park's electricity consumption by 15%
- ⑤ Reduce fossil fuel consumption by 18%
- ⑤ Divert 100% of solid waste from landfills

THE NATURE CONSERVANCY

The Nature Conservancy's mission is, "to preserve the plants, animals, and natural communities that represent the diversity of life on Earth by protecting the lands and waters they need to survive."

Andersen Corporation has supported the Nature Conservancy's efforts since 1999. We recognize the need, appreciate the value and applaud their diligent work. Thanks to their non-confrontational, scientifically-based approach, the organization has preserved ecosystems for nature and people around the world. The Nature Conservancy works locally and globally with chapters in all 50 states and 34 countries.



Yellowstone National Park cabins received Andersen® windows as a part of their energy-efficient building renovation.

2011 XCEL ENERGY EFFICIENCY PARTNER



Andersen Corporation was named an Energy Efficiency Partner by Xcel Energy in 2011, one of 110 Minnesota businesses that together saved enough energy to power more than 5,500 homes and prevent more than 29,000 tons of carbon dioxide from entering the air. This marks the fourth consecutive year that Andersen has received the award.

NORTHSTAR INITIATIVE

Andersen Corporation aligns with the University of Minnesota on the [NorthStar Initiative](#) to redefine how knowledge is created and used to solve global sustainability challenges. The initiative helps industries, governments and individuals move beyond marginal greening efforts to more meaningful, systemic change. Projects focus on collaborative asset valuation and exchange; sustainable demand drivers; and linked energy, water and environment systems.



ANDERSEN COMMUNITY ADVISORY COMMITTEE HISTORY

Formed in 1997, The Andersen Community Advisory Committee (CAC) was at the beginning of our participation in the U.S. Environmental Protection Agency's (EPA) Project XL program. The CAC provides an opportunity for community members to regularly hear from Andersen on our manufacturing practices. The work of the CAC is based on a Stakeholder Involvement Plan which was part of the Final Project Agreement signed in 1999.

The CAC represents a broad base of stakeholders, including representatives of Bayport residents, businesses and City Council; Baytown Township residents and board; Andersen employees, Washington County Commissioner, environmental groups and at-large members.

As part of each CAC meeting agenda, there is an opportunity for residents (whether they are CAC members or not) to raise concerns with Andersen. As part of this regular discussion, Andersen also reports to the CAC the status of any issues that have been previously raised by and discussed with community members.

Bioproducts & Biosystems Engineering Scholarships

For nearly four decades, Andersen Corporation has supported the University of Minnesota's Department of Bioproducts and Biosystems Engineering scholarships.

The past year's donation specifically funds an endowed chair designated to teach and conduct research in the area of environmentally conscious building materials. This includes manufacturing, performance and end-use applications, among other diverse topics of sustainable buildings.

PROJECT XL

Project Excellence in Leadership ([Project XL](#)) is a national pilot program of the U.S. Environmental Protection Agency (EPA) based on excellence and leadership in environmental performance. It tests innovative ways of achieving the best performance and flexibility for manufacturers and increased involvement and local communities.

Andersen was the first company in Minnesota to have an XL project approved, and only the 13th nationally. Our Project XL Final Project Agreement was signed with the EPA, Minnesota Pollution Control Agency (MPCA), and Washington County. Andersen received its XL Permit in 2006 and it was renewed in 2011 for an additional five-year term.



FIRST

MINNESOTA COMPANY TO
BE APPROVED FOR PROJECT XL

The Final Project Agreement established four overarching goals for the Andersen XL project:

- Improve environmental performance
- Maximize local public understanding
- Remove pollution prevention barriers
- Minimize administrative burden for regulatory agencies and Andersen Corporation

ENVIRONMENTAL INITIATIVE

The [Environmental Initiative](#) (formerly Minnesota Environmental Initiative) is a collaborative including business, government and nonprofit individuals and organizations. Together, we discuss and develop solutions for environmental issues facing Minnesota. Andersen Corporation is proud to have supported the



Environmental Initiative for more than 15 years.



Our Community

STRONGER TOGETHER

PHILANTHROPY

Andersen's commitment to energy efficiency and environmental sustainability is one that involves all aspects of our company, with positive impacts on all areas of our community. Our support of the communities in which we live and work reinforces our commitment to sustainability and sustainable business practices.

Founded in 1941, the [Andersen Corporate Foundation](#) allocates general operating, capital and program funding to qualified nonprofit organizations that provide community, social and support services to improve people's lives and strengthen communities, focusing primarily where Andersen employees live and work. To date, the foundation has donated more than \$50 million to nonprofit organizations.



HABITAT FOR HUMANITY®

Since 1994, Andersen has been a partner with [Habitat for Humanity](#), donating windows, sponsoring homes and encouraging our employees to volunteer. Together, we have helped organize local and national projects to raise awareness of the critical need for affordable housing.

MORE THAN \$10.2 MILLION
CONTRIBUTED TO UNITED WAY BY ANDERSEN
& ITS EMPLOYEES IN THE LAST DECADE

In 2003, we committed to funding and building 100 Habitat homes to mark Andersen's 100 years in the building industry. The \$5 million effort spanned five years and reached 26 communities across the United States where homes were built. In 2005, we joined Habitat in response to Hurricane Katrina and built the first 50 Habitat kit homes, shipped to New Orleans as a part of recovery efforts. Andersen also supports the Habitat for Humanity WomenBuild program, and in 2010 hosted the annual *Jimmy Carter Work Project* held in Minneapolis and St. Paul, Minnesota, near Andersen headquarters.

Energy-efficient homes contribute to the affordability and overall strategic plan of Habitat for Humanity. The longstanding partnership between Habitat for Humanity and Andersen Corporation is one way we live our values, supporting meaningful relationships and leading environmental stewardship.

UNITED WAY

Each year, Andersen employees from around the nation give to local [United Way](#) organizations. In addition, the company matches fifty cents to each dollar an employee donates. In the last decade, contributions by Andersen Corporation and employees topped \$10.2 million.



Habitat for Humanity Partnership

Andersen employees Rande Gosso and Dennis Schmidt install a donated window in a habitat home.

EMPLOYEES

A+ HEALTH

Initiatives supporting sustainable business practices touch all aspects of an organization. With this in mind, Andersen implemented the A+ Health program, an ongoing health care strategy supporting employees' health while building a healthier, more productive work

FROM EMPLOYEE PROGRAMS TO EDUCATION TO CHARITABLE EFFORTS, ANDERSEN'S SUSTAINABLE BUSINESS PRACTICES ARE PART OF OUR NATURE, OUR COMPANY CULTURE AND EVERY PRODUCT WE CREATE.

environment. Designated walking paths, nutritional food campaigns and on-site yoga classes are just a few strategies aimed at maintaining and improving our employees' well being. Andersen also has a rich bike culture, both in our factory settings and among employees in general, which contributes to overall health and well being.

ECO WARRIORS

Employees at the Renewal by Andersen headquarters, located in Cottage Grove, Minnesota, take protecting the environment seriously—so much so that they've formed a volunteer group called ECO Warriors, whose mission is to reduce waste, conserve energy and improve the environment.

The ECO Warriors meet every month to look for ways to reduce waste and improve efficiency on and around the production floor. Recently the group helped redesign a material sequencing process, resulting in a 24.5-ton annual reduction of cardboard waste. The volunteer group also created a partnership with the neighboring 3M facility. In 18 months, the partnership has resulted in Renewal by Andersen sending more than 127 tons of sawdust to the nearby 3M location to be used in their process.

24.5 TONS
OF CARDBOARD WASTE CONSERVED



Andersen Bike Culture

Andersen boasts a rich bicycle culture, with bikes available within factories for getting around quickly, cleanly, and healthily.

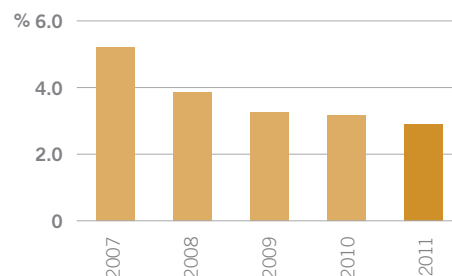
DIVERSITY

At Andersen, we value individual differences and leverage these unique capabilities and perspectives to better understand our customers and grow our business. We are committed to demonstrating mutual respect and appreciation of our similarities and differences, including race, color, culture, gender, sexual orientation, religion, education, ethnicity, age, language, physical ability and thought.

BY BUILDING A DIVERSE WORKFORCE, WE ARE LIVING OUR VALUES, CULTIVATING INNOVATION AND STRENGTHENING OUR CULTURE.

Our founder, Hans Andersen, believed in the philosophy of *All Together*. This spirit of everyone working together to achieve business goals and delight our customers is still alive today as we embrace diversity in all forms.

Incident Rate



Employee Safety

At Andersen Corporation, the safety of our employees is paramount. We have dedicated significant funds and resources to provide safe working conditions for all employees in every location, and our incident rate has decreased steadily over the past five years.

Looking Ahead

THE NEXT CENTURY

We live in a global market. Economic and financial stability, along with preservation of our environment, are not confined to geographic borders. Our actions have far-reaching effects across the globe as we're all affected by each other's actions.

Andersen continues to foster innovative ways to push the envelope on material selection, quality and overall product stewardship. As the stakes around climate change continue to grow, we're continually pursuing efforts to reduce our dependence on petrochemical-based resources. These efforts include exploring the use of natural fibers, bio-based and post-consumer recycled plastics in our products.

THE LAST FOUR YEARS HAVE BEEN CHALLENGING FOR THE BUILDING INDUSTRY, OUR NATION AND MANY COUNTRIES ACROSS THE GLOBE. THE CHALLENGES FACING OUR INDUSTRY TODAY DO NOT EXIST IN A VACUUM AND ARE INTERRELATED TO GLOBAL ISSUES FACING US ALL.

As we work to innovate and implement responsible alternatives to petro-derived products, we're committed to implementing product recycling and take back programs.

We also continue to help shape the future world of environmental product labeling by participating in the development of our industry's product category rules. Once established, these guidelines will lay the groundwork and infrastructure for reporting life cycle assessment data. These efforts help eliminate confusion for the consumer, increase transparency and reduce environmental impact—all of which contribute to the triple bottom line of people, profit and planet.



In Our Nature Blog

inournatureblog.com

Product Websites

andersenwindows.com

eaglewindow.com

emcodoors.com

renewalbyandersen.com

silverlinewindow.com

americancraftsmanwin.com

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