



THE MANITOWOC COMPANY, INC.  
2011-2012 SUSTAINABILITY AND SOCIAL RESPONSIBILITY REPORT

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# Introduction

We started 2010 with two primary goals that were set out in our inaugural Corporate Social Responsibility and Sustainability Report published last year. Those goals included providing additional definition regarding our sustainability efforts, and expanding data collection to monitor our sustainability efforts. We discuss our definition of sustainability in the following paragraphs, and have organized this report around that definition. Our expanding data collection efforts are evident in the details that follow in this report.

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## GETTING FOCUSED

In 2010, a steering committee comprised of senior managers and directors met regularly with the primary goal of defining what sustainability and social responsibility means to us as an organization<sup>1</sup>. As the central elements emerged from various assessments made by the steering committee, it was apparent that our sustainability program would be centered around four main pillars: **Facilities**, **Products**, **Workforce**, and **Business Practices**. These pillars, and ten supporting program elements, form the foundation of our sustainability and social responsibility program and are outlined in the following table.

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<sup>1</sup> Information concerning the process used by the steering committee to identify material elements of our sustainability program is outlined in Appendix A.



## FACILITIES

Using resources efficiently and in a manner that results in less pollution

### Resource Conservation

**Climate Change and Energy** – We monitor and report on our greenhouse gas emissions. To reduce emissions, we implement energy conservation projects and endeavor to use refrigerants and blowing agents with lower global warming potential in our manufacturing process.

**Raw Materials Efficiency** – We strive to use less raw material and more environmentally friendly materials in our manufacturing processes.

**Water** – While our manufacturing processes are not water intensive, we honor the human need for sufficient clean water by implementing water conservation projects and practices.

### Pollution Prevention

We implement waste minimization activities and exercise a strong preference toward the reuse or recycling of waste materials over disposal methods with more significant environmental impacts. We pursue the reduction of emissions to the atmosphere, surface water, and groundwater.



## PRODUCTS

Managing impacts beyond the physical boundaries of our plants

### Product Impacts

We strive to design and build products that are safe to use, energy efficient, conserve water, and generate fewer emissions and less waste. Our products are of high quality with long useful lives. We use packaging that can be easily reused or recycled. We offer suggestions and solutions for refurbishing, reuse, recycling, or disposal of product.

### Supply Chain Impacts

We have a strong preference for using suppliers that strive for sustainability and corporate social responsibility.



**PEOPLE**

Supporting our most important asset

**Human Rights**

We respect the human rights of all people.

**Labor Practices**

We strive to create an environment that fosters opportunity, leverages diversity, and supports our employees' health and well being.

**Safety**

Safety is central to all we do.



**BUSINESS**

Being a responsible corporate citizen

**Our Conduct**

Our Code of Conduct defines our corporate culture and establishes requirements to ensure we operate fairly and ethically. We train and support our employees in their efforts to counter corruption and extortion.

**Communities**

We invest in the communities in which we operate through volunteering in organizations that benefit the community, donations to charitable organizations, and supporting disaster relief efforts.

**Compliance and Performance**

We maintain compliance with legal requirements associated with finance, environmental, health and safety, and product stewardship matters. We will define performance metrics to monitor our progress.



## The First Pillar... Our Facilities

Manufacturing facilities consume natural resources and emit pollutants. Ours are no exception and it is imperative that we use those resources efficiently, or not at all through material reuse or recycling. Therefore, the first element of this pillar is resource conservation. We must also use those resources in a manner that results in fewer, or zero emissions, where feasible. Therefore, the second element of this pillar is pollution prevention. Both resource conservation and pollution prevention are discussed in this section of the report.

### RESOURCE CONSERVATION: CLIMATE CHANGE AND ENERGY

#### Carbon emissions by the numbers....

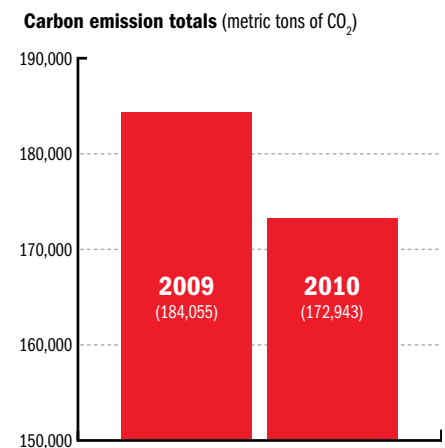
- Manufacturing facilities operated by The Manitowoc Company and our subsidiaries emitted 163,615 metric tons of CO<sub>2</sub> equivalent emissions in 2010<sup>2</sup>.
- Carbon emissions from our facilities in 2010, when adjusted for improved data collection and divestitures, decreased 6.0% from 2009 emissions.
- Approximately 73% of the carbon emissions from our facilities in 2010 can be attributed to energy use by the facilities in the form of emissions from purchased electrical consumption (56%) and natural gas combustion (17%). The other large portion of our carbon emissions is attributed to fugitive emissions (25%), the majority of which comes from the use of blowing agents in foam insulation for our ice machines and commercial refrigeration equipment.

<sup>2</sup> We evaluated our carbon footprint from the electricity purchased and the emission sources at our facilities under our direct control (Scope 1 and 2) in much the same manner as we did for 2009. Calculations estimating our carbon emissions for calendar year 2010 were completed using the same set of emission factors from organizations such as the 2006 Intergovernmental Panel on Climate Change (IPCC) Guidelines for National Greenhouse Gas Inventories, USEPA, and others.

In comparing 2010 emissions to 2009 emissions, we adjusted the emissions reported for both years due primarily to improved data capture and a divestiture in 2010. More specifically, the data necessary to estimate carbon emissions from five of our manufacturing facilities was not available for 2009, but the data was captured in 2010. Only two of our facilities with relatively small quantities of emissions in 2009 did not provide data for 2010<sup>3</sup>. Also related to improved data capture, the data for electrical consumption at our Shady Grove facility was incorrectly reported in 2009 and this error was discovered while evaluating the 2010 data. The material effect of this error was a reporting of 2009 emissions that were less than actual emissions<sup>4</sup>. A divestiture also affected calculated carbon emissions to a degree as emissions from the divested facility were included in the reported total emissions for 2009, but not for 2010<sup>5</sup>.

When the 2009 and 2010 carbon emission totals are adjusted for improved data collection and divestitures, the emission totals are 184,055 metric tons of CO<sub>2</sub> equivalent emissions in 2009 to 172,943 metric tons in 2010, a decrease of 6.0%<sup>6</sup>.

These concerns are typical of organizations assembling this type of data for only the second year, and were recognized when we set a goal to improve data collection for our sustainability reporting. However, we recognize the continued need to improve data collection in relation to reporting of Greenhouse Gas emissions.



<sup>3</sup> Data from five manufacturing facilities captured for 2010 (accounting for 12,759 metric tons CO<sub>2</sub>eq) were not able to report data in 2009. The facilities that did not report data for GHG emissions in 2009 included Garland Commercial Range, Mississauga Canada; Keyes Aluminum, LaMirada, California; Manitowoc Remanufacturing, Bauxite, Arkansas; Manitowoc Cranes, Zhangjiagang China; and Manitowoc Foodservice Equipment, Hangzhou China. Two facilities, Merry Chef in Aler-shot, UK and Manitowoc Cranes in Porto, Portugal, did not report data for 2010 but did for 2009 (755 metric tons CO<sub>2</sub>eq).

<sup>4</sup> The 2009 electrical consumption at Shady Grove was incorrectly reported during the survey conducted to collect data for our Corporate Social Responsibility and Sustainability Report (resulting in an estimated under reporting of company wide carbon emissions of approximately 20,300 metric tons CO<sub>2</sub>eq).

<sup>5</sup> As a result of how we divested our Kysor/Warren facility in Columbus, Georgia, emissions from the facility were included in the 2009 total (8573 metric tons CO<sub>2</sub>eq) but not in the 2010 total.

<sup>6</sup> The emissions for each year were adjusted by adding the emissions calculated based upon data for the year in which data was available, as an estimate for emissions in the year for which data was not available. Alternately, the carbon emissions from facilities that did not report in both 2009 and 2010, could have been subtracted from the year in which a particular facility reported the necessary data. This method was judged to be less representative of actual emissions as it provides a comparison on the basis of only a subset of facilities. The alternate method results in a higher percentage decrease.

## Reducing our Carbon Foot Print

We implemented a number of measures in 2010 in the areas of energy, refrigerants, and blowing agents that reduced our carbon foot print in 2010, and will continue to do so into the future.

**Improved energy efficiency** continues to be the main focus of the energy programs implemented at our facilities. Our manufacturing facilities implemented conservation measures in 2010 that resulted in an annual savings of 4,597,600 KWH (3.3% of 2010 usage) of electricity, and 268,950 therms (3.0% of 2010 usage) of natural gas.

The **repair of air leaks** at two of our facilities to reduce the run time of plant air compressors resulted in significant conservation of electrical energy. Our Shady Grove facility conserved an estimated 11% percent of their electrical consumption, and our Manitowoc Ice facility achieved an estimated 2.6% percent reduction of their electrical consumption (or 3,045,000 KWH total for both facilities) by repairing air leaks.

**Lighting upgrades** also contributed to our energy conservation efforts. Last year the following lighting upgrades were completed.

- Our Garland manufacturing facility in Mississauga, Canada completed an audit of the facility's electrical consumption that estimated that 40% of their electrical consumption was attributed to lighting. The facility installed high-efficiency T8 fluorescent lighting that conserves 5% of the facility's electrical usage.
- Our Kysor Panel - Piney Flats, TN facility replaced 132 Metal Halide fixtures with T5 fluorescent bulbs resulting in a reduction in the overall facility's electrical usage by 6.3%.
- Similar lighting upgrades were completed in 2010 at our manufacturing plants in Cleveland, OH; Sellersburg, IN; Shady Grove, PA; and Eglfing, Germany. The improvements at Shady Grove included a trial program involving the increased use of natural lighting in a section of the Plant Engineering facility.

**Improvements in efficiency of heating equipment** accounted for all of the natural gas conservation projects implemented in 2010. Our Shady Grove facility replaced gas-fired heated air make-up units with more efficient units that use 40% less natural gas, installed tamper-proof thermostats on all natural gas heaters, and set the thermostat at 68 degrees Fahrenheit. These improvements will conserve an average of 223,870 therms of natural gas annually (24% of the facility's 2010 total usage). Our Manitowoc Ice facility installed systems to recover heat from test rooms, conserving an estimated 37,540 therms of natural gas annually (8.6 % of the facility's 2010 total usage).



### Renewable Energy

We believe it makes financial and environmental sense to focus on energy efficiency prior to implementing other measures. However, with an eye to the future, we took an initial step into the use of renewable energy.

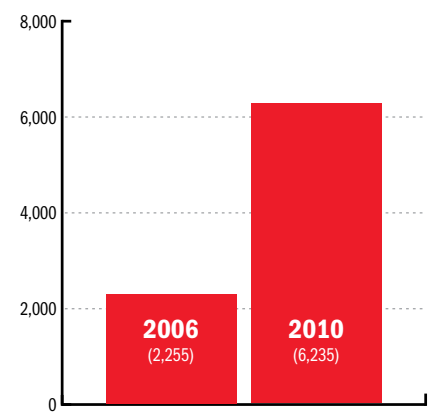
In 2009, the Village of Eglfing, Germany formed a partnership with our Convotherm plant for the purpose of constructing a power plant to produce steam from local renewable resources. The power plant began producing steam in late 2010. The steam is used both at our Convotherm plant and also by approximately 40 to 50 private households in the village. The power plant is fueled by locally grown wood chips and biogas from the thermal decomposition of cow manure. These carbon-neutral fuels will replace the use of traditional fossil fuels (natural gas and oil) as the primary means of producing steam. The intent is to use natural gas and oil only as backup fuels in the event of a service disruption at the village power plant.

**Refrigerants and blowing agents** in our products continue to be a large part of our green house gas emissions. A number of facilities have made improvements over the last year to control these emissions. Our Kolpak plant in Parsons, TN now conducts leak checks on refrigeration systems utilizing a helium / nitrogen blend, prior to charging the system with the actual refrigerant, to minimize refrigerant losses due to leaking systems. Our Fabristeel plant in Foshan, China conducts leak tests on all purchased evaporators and condensers, and also on all cooling systems built at the plant to check brazing joints. We plan to evaluate this leak test concept for application in other facilities in the future. Installation of a new production fixture at our Delfield plant in Covington, TN will reduce the Spec Line reach-in foam consumption by approximately 6700 pounds on an annual basis. Another project being undertaken at our Kolpak plant in Parsons, TN is a partnership with their foam supplier to develop a new foam formulation that will utilize a lower quantity of 245FA refrigerant. The foam system being developed will need be tested and evaluated for insulating and structural properties. If the foam performs successfully, we plan to evaluate it for potential use at other facilities.

Although not included in our calculation of green house gas emissions at this time, **employee travel** emits green house gases and other air pollutants. We have a number of practices that reduce the impact while employees are on business travel. First, we expect employees to arrange multiple meetings on each trip instead of taking numerous trips. Our employees are also encouraged to use teleconferencing, Live Meeting® or other similar internet based systems in lieu of traveling whenever possible. The use of Live Meeting® has almost tripled in the past four years with 2255 meetings held in 2006 versus 6235 meetings held in 2010.

In the US, several facilities located in non-attainment areas actively promote the use of car pooling, mass transit and other transportation modes that result in less air pollution. For example, our Kysor Panel plant in Goodyear, AZ has an onsite trip reduction coordinator; car pool program; dedicated car pool parking; bike racks and showers for bike riders; and a monthly promotion of car pooling that offers a gift certificate drawing for participants. Another example is our Shady Grove facility that identifies and connects employees in different regional areas for the purpose of promoting car pooling, and reserves parking spaces for individuals that carpool. The plant has also coordinated plant visits and communication sessions with Commuter Services of Pennsylvania to further encourage the use of more carpooling.

Live Meeting® Totals



## RESOURCE CONSERVATION: RAW MATERIALS EFFICIENCY

Improving our production processes in an effort to reduce raw materials scrap received significant attention in 2010. Many facilities significantly reduced the amount of scrap sheet metal from cutting or pressing operations through the use of computer software to optimize the layout of shapes on sheet metal prior to cutting or pressing. Our Cleveland Range plants in Cleveland, OH and Concord, Canada; our Garland facility in Mississauga, Canada; our Manitowoc Beverage plant in Halesowen, UK; our Viscount plant in Sheffield, UK; our Convotherm plant in Eglfing, Germany; and our Fabristeel plants in Singapore and Foshan, China all implemented these types of improvements. After our Frymaster plant in Shreveport, LA began using new Savagnnini sheet metal processing equipment, it reduced sheet metal usage by 10%. Improvements in the fabrication at our Jackson plant in Barbourville, KY reduced the amount of stainless steel scrap by 17%. Our engineers use sophisticated finite element analysis software to analyze the materials needed in a crane design to avoid “overbuilding” a crane and using unnecessary raw materials.

We use a combination of Six Sigma methodology and lean manufacturing practices to make our manufacturing processes more efficient and reduce our impact on the environment. A number of these efforts have led to efficiency in raw materials usage. A standardization project at our Moulins, France facility was able to reduce the number of steel articles by 16%. Plastic resin usage decreased by modifying the rotational molding process at our Hangzhou, China facility. A redesign of cold plates (Hybrid) used to chill beverage products manufactured at our Keyes Aluminum facility in La Mirada, CA removed more than 90 feet of stainless tubing and half the welds on the aluminum plate.

In addition to reducing raw material usage, lean manufacturing initiatives have other benefits to the environment. For example, lean manufacturing initiatives undertaken at our Crane segment facility in Manitowoc, WI have resulted in significant reductions in time, effort and space requirements for our manufacturing process. For one crane model, improving the process reduced employee walking distance during crane assembly from 18 miles to one mile, which reduced the amount of time required to assemble the crane. The environmental benefit in this case is a reduction in the energy consumed to assemble each crane in the small smaller space, and shorter production time consumes less heat and light.

## RESOURCE CONSERVATION: WATER

Our manufacturing processes are generally not water intensive, averaging only about 9,000 gallons per day in 2010 at each plant (or approximately 29.6 gallons per employee per day). Still, given the very real concerns about the adequacy of water supplies to support an increasing population, we implement a number of water conservation and / or water recycle projects each year. Although individually

Improved nesting programs, which improve material utilization on metal-cutting operations, have reduced scrap as much as 17%.

these projects are not huge in terms of water saved, we realize the significance and importance of conserving water wherever possible. The cumulative effect of a large number of water conservation efforts such as the ones identified in the following paragraphs do have a positive affect on the world's water supply.

Of our worldwide locations, our facility in Pune, India is one of a few located in regions with acute water concerns. With a population expected to double in the next two decades, it is estimated that at present only about two-thirds of the urban population in India has direct access to clean, affordable, reliable drinking water service. It is within this context that the Pune facility took action. Water conservation measures implemented in 2010 will save an estimated 52,800 gallons of water annually. Because the principal water consumption at the facility is for potable use and watering of green areas at the plant, the conservation measures focused on watering practices and fixing leaks in the water supply for watering. Specifically, plant personnel implemented the following actions.

- Conducted joint meetings with gardeners and plumbers informing them of the significance of water scarcity in India and the need for water conservation, how to conserve water while watering (i.e. close taps when not in use), and the need to promptly repair leaks.
- Plumbers are now required to repair or replace equipment such as leaking water pipes or taps in a timely manner.
- Plant personnel closely monitor how water is being used for watering and the incoming water quantity to confirm that water conservation measures and repairs are being implemented.

Other facilities also implemented water conservation measures, whether or not they are located in regions facing current water quality or quantity concerns. Our Delfield plant in Covington, TN began recycling water used to temper foam fixtures, spot welding, and thermoform molds. Our Garland facility in Mississauga, Canada installed automatic shutoff valves on spot welding equipment that automatically close when the spot welding equipment is not running. Our Kysor Panel plant in Fort Worth, TX installed a rain sensor to limit the use of the irrigation system during wet periods.

## **POLLUTION PREVENTION**

As one might expect, our pollution prevention efforts include equipping our plants with pollution control devices, and establishing procedures for managing spills. However, we also endeavor to prevent pollution before such controls are necessary, and two facilities stood out in this regard last year.

**While our manufacturing processes are generally not water intensive, we realize the significance and importance of conserving water whenever possible.**

- In 2010, our Shady Grove facility reduced the amount of waste going to landfills by 1,964 tons as part of our year-over-year goal of eliminating and/or recycling of at least 5% of waste streams. Over the last several years, programs have been implemented to divert waste streams such as cardboard, paper products, shot blast fines, weld flux, and fluorescent lights into recyclable material programs. Shady Grove has surpassed their 5% annual waste reduction goal for several years running.
- In 2010, our Lincoln plant in Fort Wayne, IN eliminated the use of trichloroethylene in degreasing equipment used in our production process. It now uses a replacement solvent that is not a hazardous air pollutant, and has a low ozone depleting potential. The change means that the facility will no longer have annual emissions of between 105,000 and 162,000 pounds of trichloroethylene, a hazardous air pollutant.

Pollution prevention is also deeply intertwined with other elements of our sustainability efforts, and therefore some of the information concerning pollution prevention is found in other areas of this report. Last year's aggressive efforts at reducing scrap were previously described with our raw material efficiency initiatives. Our efforts at reducing the impacts from packaging are found in the Products section of this report.



## The Second Pillar... Our Products

The use and end-of-life aspects of our products are certainly one of our largest impacts given the number of products being purchased and currently in use by our customers. This is the primary reason many of our largest sustainability initiatives are focused on reducing the impacts of our products regarding safety, energy consumption, water use, emissions, end-of-life disposal, and packaging of new products. Another reason we focus intensely on product impacts is that our customers, large and small, have made it clear that this is what they expect from a market leader like us.

### MANITOWOC FOODSERVICE

This focus on product impact is particularly true of our Foodservice segment's products where each incremental improvement in reducing our product's impact can result in a significant cumulative reduction in energy conservation, water usage, and emissions. It's a case where the little details add up to something big as the foodservice industry is one of the largest consumers of electricity and water.

Our Foodservice segment continued our whole-hearted commitment to the philosophy of the ENERGY STAR® program and was named Energy Star Partner of the year for a second consecutive year. We experienced a significant increase in sales of ENERGY STAR equipment in 2010. We attribute this increase to a significant effort in 2009 to introduce innovative new products, expand product lines, and upgrade existing models to achieve a tremendous amount of growth in the number of ENERGY STAR products we offer to our customers. As of September 2011, we have 1,100 Energy Star approved products and 1,800 EnerLogic products in our energy efficient program. The increase in the ENERGY STAR product sales numbers in a sluggish economy demonstrates that our customers want equipment that is not only better for the environment, but also saves them money on future utility bills.



Our Foodservice segment was named Energy Star Partner for the second consecutive year.

- Two brands led our sales of ENERGY STAR equipment for 2010, Frymaster with 59% and Manitowoc Ice with 53% of their sales attributed to ENERGY STAR models. This means that more than one in every two Frymaster fryers or Manitowoc ice machines that were sold was an ENERGY STAR model. To expand on this trend, Frymaster expanded our portfolio of ENERGY STAR qualified models from 11 at the start of 2010 to 21 by the end of 2010, an increase of over 100%.
- Jackson's ENERGY STAR sales were up from 40% to 44%, and Cleveland's ENERGY STAR sales were increased to 11.8%.

For 2010, our passion for excellence drove our brands to focus on developing the technologies that will effectively support future sustainability goals and meet the newest set of standards for the ENERGY STAR program. Examples of the new technologies that will be leading the industry to a higher level of sustainability include:

- Patent-protected “planar plume” technology incorporated in our newest Merrychef ovens significantly reduces energy use. Independent tests conducted by a major university confirmed that planar plume technology reduces energy use by approximately 30% as compared to other forced air technologies. In addition to the energy savings, the new technology improves the foodservice work environmentally by significantly reducing noise as compared to other ovens in the same category.
- Manitowoc Ice continued to refine our patented air-assist technology. Air assist shortens the ice-making harvest time by helping the ice release from the evaporator plate sooner than units without this feature. In technical terms, air assist technology typically reduces the time required to produce ice on the evaporator plate by 20 to 30 seconds.
- Frymaster Models OCF30, YOFC30, and HV55 fryers have precise cooking curves facilitated by an “instant on” feature that minimizes set point temperature overshoot; saving energy and oil life. They also have a “cool” feature allowing the fryer to reduce to a lower idle temperature, again saving energy and oil life.
- For both the SteamChef™ and Gemini™ convection steamers, Cleveland added a patent-pending device (SteamSaver™ Technology) to maximize energy efficiency in addition to reducing water use. This exclusive engineering design results in energy usage more closely tailored to the precise load of product in the steamer.
- Garland's efforts focused on improving the energy efficiency of our convection ovens. In collaboration with an outside third party consulting firm, Garland was able to improve burner and ignition systems, oven controls related to stand-by energy loss, and manufacturing and materials improvements. The updated range of Garland ovens for ENERGY STAR ratings will be submitted in 2011.

**We develop new technologies that are leading the industry to higher levels of sustainability.**

We encourage our customers to participate in ENERGY STAR equipment training that is provided at our Manitowoc Training Program in Tampa, Florida. Attendees are provided ENERGY STAR product information as well as “hands-on” training using ENERGY STAR Frymaster fryers, Manitowoc ice machines, Delfield refrigeration, Cleveland ovens and steamers, Garland griddles, and Jackson dishwashers.

In partnership with the EPA, our Foodservice segment is also working to educate consultants serving the foodservice industry on energy related topics. In 2010, 136 dealers and 35 consultants participated in four training sessions in which all our operating companies participated. Our Foodservice segment also partnered with the Florida Natural Gas Association (FNGA) to present a seminar on gas foodservice equipment to educate end-users, dealers, and consultants. The one-day seminar discussed how kitchen design and equipment can be used to reduce energy and water usage.

Our Foodservice segment’s Tampa-based culinary team currently is engaged with several major restaurant chains in developing menu items which offer healthier food choices, reduce food waste and provide reductions in food packaging. For example, in the beverage area, our culinary team is working closely with a major restaurant chain to develop a category of “better, balanced blended beverages,” which includes new fruit and vegetable offerings as well as healthier drinks for children. In another example of collaboration, we’re working with a major food partner and packaging suppliers to develop individual-sized food portions which allow for “cook-in-package” convenience while reducing packaging content. Our early efforts in both these areas have been well-received, and we’re planning to expand similar initiatives in the future.

As an active member of the U.S. Green Building Council, our Foodservice segment builds EnerLogic™ products that are designed to contribute to and support the U.S. Green Building Council Leadership in Energy and Environmental Design (LEED) Rating System. Cleveland also created a brochure to assist customers in achieving LEED certifications. Improving numerous products so that they meet the U.S. Green Building Committee’s water standards is another example of our commitment to assisting customers in decreasing their environmental footprint, while at the same time decreasing their cost of doing business.

## **MANITOWOC CRANES**

Reducing product impact for our Crane segment focuses primarily on extending the product life of older cranes (delaying the energy and raw material inputs associated with the production of new cranes); designing cranes that allow our customers to be more efficient at the job site (reducing their energy consumption while simultaneously increasing their productivity and profit); and building new cranes that are more energy efficient, have fewer emissions, and are safer to use.

We encourage our customers to participate in Energy Star equipment training that is provided at our Manitowoc Training Program in Tampa, Florida.

### Long Product Life

Our outstanding build quality and excellent reliability, two primary factors affecting the lifespan of a product's use, are evidenced by the fact that cranes with 30 or even 40 years of service are still found at work in the field. To build upon our reputation for long product life, our Crane segment recently implemented two programs that are aimed at extending the life span of older cranes even further.

The first of these programs, EnCORE Suppliers, is a new program put in place by Manitowoc Crane Care where we partner directly with companies that rebuild or refurbish major crane components, such as hydraulic cylinders and turntable bearings. This helps customers extend the lives of older cranes with minimal investment and also reduces the use of raw materials and energy needed to produce new components. In 2010, Manitowoc Crane Care launched a second phase of the program called EnCORE Partners. Under this program, dealers are certified and trained to be able to remanufacture entire cranes – beyond the individual components included in the EnCORE Suppliers program. Remanufacturing a crane can typically be done at half the cost of a new, comparable crane and often allows the use of attachments that are already in a customer's fleet.

### Job-Site Efficiency

Most of our crawler cranes have many different interchangeable boom and luffing jib combinations, which make them suited for a wide variety of work. This means customers can expand the versatility of the crane without incurring the cost for additional attachments. This reduces cost of ownership in a number of ways: lower initial capital investment, lower inventory costs, reduced maintenance costs and higher availability of replacement parts if needed.

In 2010, our Crane segment introduced a new reliability mission that applies best practices across our manufacturing network to meet the specific performance standards our customers have defined. As part of this effort, we have audited mean time between failure (MTBF) rates across product lines, identified problem areas, and reengineered components and designs to make products more durable and reliable. Since our cranes often work at sites where many other pieces of heavy equipment operate in conjunction with a Manitowoc crane, improving the mean time between failure means a reduction in the amount of time that other equipment runs while waiting for a crane that is out of service. This program is a win-win situation in that by decreasing the environmental impacts associated with the use of our product, the program also results in a measurable improvement in our customer satisfaction rates.



### More Capacity

The size and weight of wind turbine components has increased as the wind power industry matures. One solution to this issue would be to simply use a higher capacity crane, but we wanted to give our customers another option. Instead of a larger crane, we introduced a Wind Power Attachment for our popular 16000 crane. Over 85 percent of these cranes are used for wind turbine installations. The special boom attachment increases crane capacity by 49% at short radii, which is often what is needed in wind turbine erection. The efficient use of a smaller crane is more energy efficient, and results in lower emissions, through the use of a relatively inexpensive attachment.

## **ENERGY EFFICIENCY, FEWER EMISSIONS, AND INCREASED SAFETY**

Our cranes are being re-powered to meet the US EPA's Tier 4 and the European Commission's Stage IIIB requirements for heavy-duty diesel engines. Our engineers have worked closely with engine suppliers since January 2009 to be able to offer power units equipped with pollution control technologies such as Exhaust Gas Recirculation and Selective Catalytic Reduction. The new line of power units will also be required to run on ultra-low sulfur diesel fuel. This effort will result in a significant reduction in exhaust emissions including the emission of carbon monoxide (CO), hydrocarbons (HC), nitrogen oxides (NOx), and particulate (PM).

Safety associated with the use of cranes is a significant concern for our customers. Manitowoc Crane Care offers a crane safety course designed to help students understand the concepts needed to safely work around our cranes. Participants learn about the numerous types of Personal Protective Equipment and their proper usage; different types of slings and how they are safely used during a lift; and the importance of safe maintenance procedures. In 2010, our crane designs were modified to improve access to any area that requires access by the crane operator. Ladders, standing platforms, and similar access features were added or modified to provide improved access to inspection points and locations where maintenance is required. Crane cabins were also provided with improved sound proofing to reduce operator exposure to engine and machinery noise. Also in 2010, we introduced a new operator's cab for tower cranes that incorporates much more glass and greatly improves operator visibility. A large glass expanse at the front of the Ultra View cab offers an unobstructed view from top to bottom. Sliding side windows, a side sunblind, and lateral wipers all give the operator optimum view over the job site.

## **PACKAGING**

Packaging plays a key role in sustainability and is now an integral part of today's global competitive market. Many of our packaging initiatives have focused on increased use of containers which are returned for reuse by raw material suppliers. Where returnable packaging is not feasible, our manufacturing teams attempt to reduce the amount of packaging. Our efforts in 2010 also focused on reducing the amount of packaging used, and using paper made from Sustainable Forestry Initiative (SFI) certified sources.

Convotherm- Our Foodservice segment facility in Eglfing, Germany and our Crane segment facilities in Manitowoc, WI and Shady Grove, PA were among the sites that pushed suppliers toward the use of reusable packaging for raw materials in 2010. Selected suppliers to the Eglfing facility now use containers that are returned to the supplier for reuse. Numerous suppliers to our Crane segment use a returnable container program (tube kit collapsible totes; hose kit carts; pump drive boxes; hydraulic pump /engine stands; returnable bulk boxes for swivels; returnable shipping fixtures; Model 16000 and Model

18000 fiberglass shipping fixtures). Shady Grove used our supplier conference late in the year to discuss packaging and their intent to eliminate shrink wrap and wooden skids from incoming products. In 2011, Shady Grove will work with key suppliers to design and implement the use of returnable containers.

New packaging initiatives at our Manitowoc Foodservice Kysor Panel facility in Goodyear, AZ reduced the materials used by 50%. Pallets are no longer used for 75% of the facility's product, and the use of 3 mil plastic wrap has been greatly reduced. Our Manitowoc Foodservice Cleveland Range facility in Cleveland, OH reuses pallets received from suppliers to ship products to our customers rather than sending them to the landfill. Our Manitowoc Foodservice Cleveland Range facility in Concord, Canada switched from triple wall corrugated cardboard to double wall where feasible. Numerous of our Foodservice segment facilities including Delfield in Mt. Pleasant, MI; Kolpak in Parsons, TN; Garland in Mississauga, Canada; and our Crane segment's truck crane manufacturing facility in TaiAn, China obtain corrugated cardboard or similar packaging materials from Sustainable Forestry Initiative (SFI) certified sources. Our Manitowoc Foodservice Convotherm facility in Eglfing, Germany uses office paper which carries the Nordic Ecolabel and the EU Ecolabel which is comparable with the Forest Stewardship Council (FSC) standards. The Eglfing operation requires suppliers of marketing publications and packaging materials to use paper and packaging material from FSC or similarly certified sources.

## **PRODUCTS: SUPPLY CHAIN IMPACTS**

In 2010, we improved the methods we use for selecting and reviewing suppliers; particularly in the manner in which we verify that supply chain vendors meet quality standards, have reliable manufacturing capacity, and maintain the same high social and environmental standards that we hold ourselves to. Although specific mechanisms differ among business units and geographies, we typically require supplier self-certification, verification through on-site audits of select manufacturing facilities, and monitoring of production levels to assure our critical strategic suppliers perform as needed. Improvements were made in many of these mechanisms. We now require the disclosure of the ultimate source and manufacturing location of any critical commodity purchased, and strategic and other key suppliers are evaluated quarterly with detailed criteria for quality levels.

As an example of these mechanisms in action, our Crane segment in America requires that our supplier self-certification survey be approved by our quality and purchasing personnel. The approval process includes audits of selected sites. Production levels are monitored and demand forecasts are developed for 18 months into the future by the purchasing group, which then compares the demand forecast to vendor capabilities.

Within our Foodservice segment, we developed an extensive program which addresses supplier sustainability efforts, their direct contributions to sustainability of our products, and the suppliers' contributions to social responsibility. At our 2011 global supplier conference, our Foodservice segment formally launched our supplier sustainability program. We also recognized three suppliers for their long-term contributions to the overall sustainability programs within our Foodservice segment.

The sustainability program consisted of a 20-question survey administered to 156 key suppliers. The questions cover people, energy, nature, and material efficiency. Results of the survey are reviewed with the suppliers with encouragement to make continuous improvements in these areas if needed.

In 2010, we further integrated sustainability into our strategic supplier program by expanding supplier assessments to include social compliance. The program begins with the terms of our standard agreements with suppliers that require compliance with social standards. Critical suppliers must also complete a questionnaire that is used to collect information regarding the supplier's social programs and performance. The on-site audits of our critical strategic suppliers will also provide information and feedback concerning the social programs of our suppliers. We will follow up directly with a supplier when the need to improve is apparent. Ultimately, a supplier will not be selected or will no longer be used by us in the event of ongoing non-compliant activities. Further, all of our employees as well as employees of our supply chain partners must complete an annual Code of Conduct on-line course to verify they understand best business practices in regard to national and international practices.

In addition to evaluating our supplier's quality, reliability, and social aspects, we also manage logistics of our product shipments. A global team with staff from our corporate offices and from our Foodservice and Crane segments works to leverage logistics and transportation. While these efforts have focused largely on reducing costs, we endeavor to achieve a win-win situation where we save money while at the same time reduce environmental impacts.

Our Crane segment in the Americas participates in a Transportation Management System program to allow for consolidation of less-than-truckload deliveries to our facilities resulting in over 10% savings in logistics over the last two years. The group considers transportation companies that are members of EPA SmartWay program more favorably than non-members. Initiatives in Europe in 2010 focused on organizing inbound less-than-truckload flow to optimize space and reduce transport costs. These efforts have reduced transportation costs of incoming raw materials by 20%. Such savings in transportation costs through these efforts result directly in fewer emissions as a result of delivering products to the customer.



## The Third Pillar... Our People

At Manitowoc, our core values demand that we earn a reputation as a great place to work and that we treat people as a valuable asset. Our people-related policies and practices (concerning human rights, labor practices, and safety) are simply an extension of the core values set out in our Code of Conduct. Our people-related policies are communicated to employees through multiple channels including instruction during an employee's hiring and orientation, bulletin board notices at each facility, and our employee intranet. To help insure that these policies are demonstrated by our people in leadership roles, every salaried exempt employee completes annual refresher Code of Conduct training prior to certifying that he or she has read and understands certain Manitowoc people-related and business-related policies. In addition to human rights and labor practices, these policies cover ethics, corrupt practices and fair dealing, conflicts of interest, compliance with laws and regulations, international transactions and dealings, and similar matters. The certification requires that the employee is committed to continuous compliance with the policies.

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### HUMAN RIGHTS

We respect the rights of all people, and support and encourage diversity. The use of child labor or forced labor is forbidden at Manitowoc, regardless of geographic location. Anything less than this would be inconsistent with our Code of Conduct and our core values of integrity and commitment to our stakeholders.

In 2010, we had more than 10,000 employees, of which females accounted for 27.7% of the office staff, and 11.7% of our manufacturing workforce.

## LABOR PRACTICES

We have formal policies in place for equal opportunity employment, non-discrimination, employment of persons with disabilities, and whistle-blowing.

As an Equal Opportunity Employer, we do not discriminate in any personnel decision against any person based on race, color, national origin, sex, age, religion, disability, genetic information, sexual orientation or gender identity or any other characteristic protected by state or federal law. Similarly, all salaries, wages, insurance programs and social or recreational programs are administered in conformity with this policy, which applies globally.

We have a whistle-blowing policy that establishes procedures for reporting complaints and concerns regarding accounting, internal accounting controls and auditing matters and includes protections against reprisal. Concerns raised by employees are reviewed by the office of the General Counsel, who, with appropriate management, conducts necessary investigations or follow-up, and recommends appropriate action to the Board of Directors.

We compensate all employees with wages that meet or exceed the minimum legal wage. Health and welfare benefits vary by country, and provide a safety net of benefits that may include medical, drug, dental, vision, life insurance, disability coverage, and a suite of wellness programs. In 2010, the cost of health plans, pension plans, and post retirement plans was \$119.0 million.

We do not prevent collective bargaining, nor do we prevent workers from associating freely with any workers' association or group of their choosing.

Absenteeism outside of approved vacations, holidays, or medical reasons is low and consistent with employees with a high level of job satisfaction. Most manufacturing plants report unexcused absenteeism rates in 2010 of less than 1%, or do not track unexcused absenteeism because of such a low occurrence.

In 2010, we provided 160,255 hours of employee training, an average of 17.0 hours per employee. This training consisted largely of training to hourly employees in an effort to advance their technical skills (e.g. welding).



In the past six years, five of our welders have placed in the top 10 at the American Welding Society International Welding Contest. From left to right: Luis Aceves, placed first in 2007; Troy Jaeger, second place in 2005; Scott Braun, first in 2005; Jim Tucker, third in 2009; and Todd Gilbert, eighth in 2009.

Welding is a core competency for our Crane segment and we take pride in having the best welders in the industry. Even though we hire well-trained and experienced welders, they must also go through required training at the on-site Manitowoc Weld School. Our Crane segment is so confident in our employees' skills that it sponsors and encourages them to enter the American Welding Society International Welding contest and put their talents up against the best welders in the world. The contest takes place every two years at the American Welding Society show in Chicago.

There are a number of internal programs available to personnel as well, including the Leadership Development Program, Advanced Leadership Development Program, Supervisor Leadership Development Program, and Six Sigma training. These cross-functional, global programs bring together employees from our businesses for multi-day learning workshops.

In 2010, one facility began a unique program to enhance our tuition reimbursement policy. Our Shady Grove facility has worked with Penn State Mount Alto College to offer courses on-site, reducing student travel and making it easier for working adults to obtain a degree. When participants complete the coursework, they will have earned an associates degree in business.

## SAFETY

At Manitowoc, we believe that all accidents are preventable. Our Vision Statement clearly states that our goal is zero injuries on and off the job. We adhere to several key, safety-related values:

- Maintaining a neat and orderly work environment produces better efficiency, quality and safety
- Nothing we do is worth getting injured
- Safety has the same priority as quality, production, and cost
- Safety is everyone's responsibility

Our current Safety Management System (SMS) was implemented in 2005 and is comprised of 20 elements focusing on both process and cultural aspects of safety. The process aspects focus on compliance with regulatory requirements related to safety and procedures to identify and control exposures during high risk activities. The cultural aspects focus on management accountability, management visibility, employee involvement, and employee ownership. The SMS exceeds all requirements outlined in our formal labor agreements with our employees' unions and frequently exceeds regulatory requirements.



### Safety First

Each day begins with safety as a top priority. At the beginning of each shift, shop floor workers get together for a 'safety huddle' to discuss issues that may have happened the day before and then talk about any problem jobs that might be on the schedule for that day. And during this conversation, employees are encouraged to participate in a series of stretches that help to prepare their bodies for the work ahead of them that day.

### Safety Management System (SMS) Elements

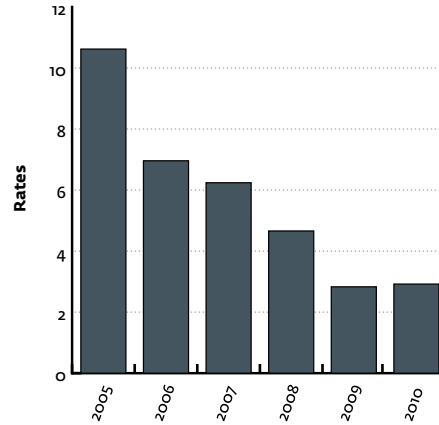


The 20 elements of the Safety Management System fall under five categories.

Employee engagement is a key component of our Safety Management System and 100% of our employees working in a manufacturing facility are represented by a joint employee-management health and safety committee that is formally organized at each facility. The committee oversees safety at each site and provides opportunities to collaborate on improving our approach toward health and safety.

Using the SMS, our employees achieved year-over-year improvements in both OSHA Recordable Injury Rate and the Global Lost Time Injury Rate from 2005 through 2009. These yearly improvements resulted in a 73% improvement in OSHA Recordable Injury Rate, and a 72% improvement in our Global Lost Time Injury Rate during that same time period. However, 2010 saw a slight increase in the Global OSHA Recordable Rate and the Global Lost Time Injury Rate from 2009. The 2010 performance brought a refocused effort and commitment to exceed our 15% annual reduction targets for 2011.

## Global OSHA Recordable Rates



### A Team Approach

Rod Smith has been a member of the Safety Leadership Council since its foundation in 2006. To describe the importance of the Safety Leadership Council at our Crane segment, Rod said, "Departments don't have a mind of their own. It's individuals that recognize potential accidents and know how to make a department safe. The council brings individuals together, and we talk as a team to improve the overall safety of Manitowoc."



## **The Fourth Pillar... The manner in which we conduct Business**

In building our success as an organization and as individuals, strength of character and the courage to choose the right path are critical. We use two sets of criteria in identifying the right path: compliance with all applicable laws and regulations; and, steadfast adherence to our core values of Integrity, Commitment to Stakeholders, and Passion for Excellence. Our Code of Conduct defines our corporate culture and the way we conduct business in a real and tangible manner.

Our business-related policies concerning ethics, corrupt practices and fair dealing, conflicts of interest, compliance with laws and regulations, international transactions and dealings are communicated to employees in the same manner as our people-related policies on human rights, labor practices, and safety (see previous discussion under People). Additionally, salaried employees receive annual instruction and are required to certify their commitment to compliance with these policies in the same manner as our people-related policies.

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### **OUR CONDUCT**

Our worldwide reputation for performing our transactions with honesty is in itself a priceless company asset. We recognize that local customs and traditions differ from place to place, but neither those customs nor law enforcement of the law can permit violations of Company standards, regardless of geographic location. We expect compliance with our high

standards of integrity throughout the organization and will not retain an employee who achieves results at the cost of violation of laws or unscrupulous dealing.

We have a formal policy regarding anti-corruption/bribery that applies globally. Payment or acceptance of kickbacks, bribes, and other improper payments is strictly prohibited. While many countries have legislation that prohibits bribery of government officials and/or their designated agents, the employees and representatives of Manitowoc and our subsidiaries must also comply with the Foreign Corrupt Practices Act (FCPA), which among other things prohibits bribery or providing anything of value to all non-U.S. government and political party officials and agents. The FCPA also requires disciplined record keeping and internal accounting controls on a worldwide basis.

We are also committed to abiding by the antitrust and unfair competition laws and regulations of the countries in which it operates. These regulations cover a variety of topics, including the unfair use of market power, collusion with competitors on matters of price, terms and territories, and acquisitions that may result in the reduction of competitiveness in an industry.

To ensure that all employees understand the standards of business conduct and the consequences of not complying with those standards, every salaried exempt/nonexempt employee receives training and must certify annually in writing that he or she has read and understood the policies relating to business conduct. Our business conduct policies address ethics and human rights, corrupt practices and fair dealing, conflicts of interest, compliance with laws and regulations, international transactions and dealings, and similar matters. The annual certification also requires the employee to certify that he/she has complied with, and will continue to comply with such policies.

There are different mechanisms by which the various business units and locations within Manitowoc maintain regulatory and legal compliance along with compliance to the Code of Conduct and related policies. A Business Practices Committee comprised of the CEO, SVP Administration, CFO, and General Counsel is in place to ensure compliance with our Global Ethics policy. All members of management participate in ethics training such as compliance with the various provisions of the Foreign Corrupt Practices Act. Management at each location analyzes various data and communicates expectations up and down the organization as appropriate.

Our Internal Audit group analyzes the business units and locations using an established risk assessment process to determine the locations which will be audited by the internal audit group within the coming year. Auditing of the selected business units and locations for compliance with business conduct standards is incorporated into the annual Internal Audit project plan. Internal audits are conducted at approximately 30% of our locations each year and these locations typically account for close to 90% of our annual revenue.

We recognize that local customs and traditions differ from place to place, but neither those customs nor lax enforcement of the law can permit violations of Company standards, regardless of geographic location.

## COMMUNITIES

We support the communities where we live and work through volunteering our talents, charitable giving, and in a number of other ways.

We supported our employees while they gave their time to numerous organizations including the United Way; numerous blood drives; various educational efforts; numerous food drives and pantries; and organizations such as the American Cancer Society, Carl Perkins Prevention of Child Abuse, Special Olympics, Cobb Parr Park Restoration, Adopt-A-Family, and the Franklin County Homeless Shelter.

Another important aspect of employee and community support is military involvement. A number of our employees are members of the Armed Forces. We provide benefits such as paid leave and health coverage to employees while on military leave.

Many of our employees demonstrated the values they have in common with our core values by freely giving of their time outside of their work day. For example, in 2010 Manitowoc Crane employees contributed over 6,000 unpaid hours to projects and activities that positively impact the environment and community. Organizations include charitable and non-profit organizations such as Big Brothers Big Sisters, United Way, Relay for Life, Habitat for Humanity, Salvation Army, YMCA; Community involvement (Lions Club, Service League, Optimist Club, Jaycees, Alderperson); local churches; foster parenting; youth activities such as 4-H, scouts, sports teams, robotic teams and tutoring; and nursing homes visits.

Our Crane segment in Manitowoc, WI is a platinum sponsor for the Southern Manitowoc County F.I.R.S.T. Robotics team, the Kohler Solar Valdars Droid Rage. The F.I.R.S.T. program, which stands for "For Inspiration and Recognition of Science and Technology," challenges high school students to be more active in science and technology. The team, composed of students from seven area high schools, is challenged to design and build a functioning robot. Our employees volunteer to mentor and assist the team with engineering and fabrication disciplines. Also as part of the program, our Crane segment invited the team to come and see the facility in Manitowoc, WI and learn how we design and fabricate cranes.



The Kohler Solar Valdars Droid Rage team at the F.I.R.S.T. Robotics National competition in Atlanta, Ga.



### Mini-chopper program

Our Crane segment sponsored a team from Lincoln High School in Manitowoc, WI in a program called "Build a Bike...Build a Career...Build a future in Manufacturing."

Our Crane segment provided the team with a starter kit that included frame parts, front and back wheel and tire, and a fuel tank, and \$1,500 to build a mini-chopper motorcycle.

The team spent about 70 hours on the project and worked closely with our Crane segment's manufacturing engineers through the concept, fabrication, and assembly of their mini-chopper.



The Manitowoc Company Foundation makes donations to charitable organizations on behalf of The Manitowoc Company and our affiliated companies located in the United States. The goal of the Foundation is to make a meaningful and lasting impact on the communities in which we operate, supporting organizations with a focus on children, education, and disaster relief. In 2010, the Foundation donated \$600,000 to communities and local charitable organizations.

## COMPLIANCE AND PERFORMANCE

The policy of Manitowoc is to comply fully with all laws governing our operations and to conduct our affairs in keeping with the highest moral, legal, and ethical standards. As noted earlier, local custom or lax enforcement of legal requirements are not treated as justifications to permit a violation of a legal requirement.

We report any material liabilities related to non-compliance with financial, environmental, or safety legal requirements in our annual report. In 2010, there were no such liabilities to report.



### Manitowoc in Chile

Several of our cranes were critical to the rescue operations of the 33 miners trapped underground near Copiapo, Chile.

# What's Next?

To discuss where we will go from here, we look to a more fundamental question. We began this report by briefly describing the outcome of our efforts in 2010 to answer the question, “what does sustainability mean to us as an organization?” Our customers, investors, employees, and other stakeholders have actively asked that question of us and are imposing expectations that did not exist a decade ago. No doubt, the expectations to which our stakeholders hold us accountable will continue to expand, as we live in a world in which climate change will have implications for business, and a world that has long-term constraints in natural resources and nonrenewable energy. These facts have led us to several conclusions:

- Defining and more fully understanding sustainability, particularly our significant impacts, opportunities, and approaches will be a journey of continuous improvement on our part. We will always have more to do and we can not stop asking the question “what does sustainability mean to us?”
- Sustainability will continue to be a critical aspect of improving our performance and competitive position; and ensuring success in this endeavor will require hard work, ideas, planning, team work, and execution.
- Many of our leaders, employees, and facilities have been very engaged and we do not want to minimize their efforts to date. However, as stakeholder expectations rise, we need to continue improving involvement from our people and facilities.

These conclusions will guide our plans and actions both in the short and long term. In the short term, our plan for continued improvement will lean heavily on energy conservation, waste minimization, leaning our manufacturing processes, reducing transportation impacts, reducing product impacts, improving data collection associated with additional metrics, and increasing engagement of employees and facilities. The following paragraphs outline some of the initiatives in store for us as we proceed forward.

- We will continue our efforts to conserve nonrenewable resources. We will supplement our initial energy conservation focus by implementing other energy-saving opportunities such as the use of motion sensors, use of day-lighting, and energy conservation related to IT equipment. We will endeavor to implement the lessons learned at a few facilities across a wider range of facilities.

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- We will endeavor to continue to focus on product improvements that reduce their impacts with the goal that the products be considered industry-leading. For example, through our portfolio-wide controls initiatives, we are developing and introducing a new range of “smart” controllers which offer improved energy performance, reduced idle energy loss, provide energy consumption reporting, and enable remote monitoring for optimum energy and equipment performance.
  - We will endeavor to continue to build on the progress we’ve made in working with our suppliers to reduce our joint environmental footprint. This will be part of an effort to expand our view of the business along the full value chain.
  - Becoming a more sustainable company in a competitive world, while using fewer resources, will mean helping our people become more engaged in sustainability. We will endeavor to seek additional involvement in sustainability on multiple levels. More facilities will be asked to be more engaged in sustainability projects, and our leaders will look for ways to lead by example. We will engage individuals both as employees and as people beginning with providing employees with information on sustainability issues, and their implications for the planet and our business. This will be followed by providing employees with specific opportunities to be involved with sustainability at work and in their personal lives.

Beyond the immediate future, we will continue to identify additional ways to increase our use of renewable energy, develop additional ways to reduce our carbon emissions from refrigerants and blowing agents, improve our metrics and data collection, and always ask “what’s next?” We look forward to the challenges that lie ahead.

# Appendix A

In 2010, a steering committee comprised of senior managers and directors met regularly with the primarily goal of defining what sustainability and social responsibility means to The Manitowoc Company and our subsidiaries and affiliates as an organization. The following comments explain the process used by the steering committee to arrive at our definition of sustainability and social responsibility; the four main pillars *Facilities, Products, Workforce, and Business Practices*; and supporting programs presented in this year's Sustainability and Social Responsibility Report.

The steering committee began by reviewing various definitions of sustainability, including those offered by the Brundtland Commission, US EPA, and others. The Dow Jones Sustainability Index (DJSI) defines corporate sustainability as a “business approach that creates long-term shareholder value by embracing opportunities and managing risks deriving from economic, environmental, and social development.”

This definition was ultimately selected for use in developing our sustainability programs for two reasons. The first is that the DJSI definition incorporates a model familiar to most businesses in terms of pursuing opportunity while employing effective risk management. The second reason the DJSI definition was selected is that by incorporating the opportunity – risk management model, the definition is actionable in terms of prioritizing issues and allocating resources for broad, encompassing areas like sustainability and social responsibility. The need to prioritize issues was quickly recognized by the steering committee as it began to ask questions like the following:

- Within the large universe of sustainability and social responsibility issues, which issues matter the most?
- What issues should we focus on, and what is the proper resource allocation between issues?
- How can we identify opportunities for sustainable business growth within our product lines?
- How should we communicate with stakeholders about the scale and scope of our sustainability effort, and why we focus more on some issues?

Faced with these and similar questions, the steering committee implemented a systematic process to assess potential issues in terms of “materiality” to the interests of various stakeholders, and to allocate appropriate resources based upon three primary factors:

- The level of concern raised by stakeholders such as customers, investors, regulatory agencies, non-governmental organizations (NGOs), employees, and others;
- The amount of influence on business success that a particular issue exerts; and
- The level of influence or control that we can exercise in relation to a particular issue.

The committee developed a global inventory of stakeholder issues and concerns, and then scored or ranked each concern based upon the aforementioned factors as described in the following paragraphs.

## IDENTIFYING CONCERNS

The following three sources were used to identify sustainability issues for inclusion in the global inventory of issues or concerns, for subsequent scoring.

- The G3 performance indicators (or so-called “Third Generation”) of the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines were all included in our global inventory for scoring purposes. The GRI produces one of the world’s most prevalent standards for sustainability reporting, and approaches sustainability reporting as a form of value reporting where an organization publicly communicates their economic, environmental, and social performance.

GRI has designated some of our performance indicators as “Core” when it represents an issue that is of interest to most stakeholders. GRI assumes Core issues to be material unless deemed otherwise on the basis of GRI reporting principles. Other indicators are designated as “Add” if they are an emerging practice or are issues that may be of interest to some but not the majority of organizations. Both the Core and Add performance indicators were included in the inventory for scoring.

- Criteria deemed to be of interest to our investors were also included in our global inventory for scoring purposes. For example, the criteria used by the Dow Jones Sustainability Indexes (DJSI) were included. The DJSI were launched in 1999 to create global indexes tracking the financial performance with a focus on social, economic, and environmental concerns of the leading sustainability-driven companies. The main sustainability indices published by the Dow Jones include the following:
  - DJSI World Index
  - DJSI STOXX Index and DJSI EURO STOXX Index
  - DJSI North America Index and United States Index
  - DJSI Asia/Pacific Index

The criteria from the World and NA indexes with some industry sector specific criteria were included in our global inventory for scoring purposes.

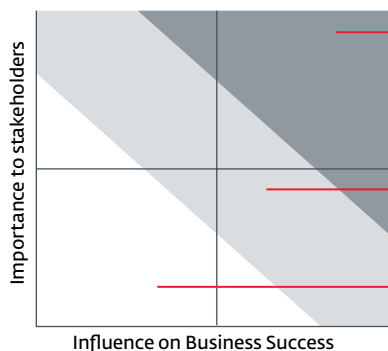
For the same reason, criteria from Newsweek’s annual sustainability ranking, IW Financial, and the 2006 Pacific Sustainability Study were also included in the global inventory.

- The last source used to identify issues for inclusion in the global inventory was direct customer inquiries of us over the previous two years. During that time period, numerous clients have inquired concerning a variety of sustainability issues. Clients include but were not limited to McDonalds®, Walmart®, Coca Cola®, PepsiCo®, Subway®, and Yum! Restaurants®. All of the issues raised in customer inquiries were included in the global inventory.
- Since we had not received inquiries concerning sustainability concerns from stakeholders other than those from customers and ranking groups used by investors (e.g. non-governmental organizations, specific investors, etc), criteria from such groups was not included in the global inventory for this first evaluation.

## SCORING / GROUPING

Each issue contained in the global inventory was scored or ranked on the level of stakeholder interest, and the issue’s influence on the success and sustainability of The Manitowoc Company and our subsidiaries and affiliates. Our ability to influence an outcome related to a particular interest was also ranked. For those issues for which we can exert a fair amount of influence on an outcome, the issues were prioritized using a quadrant-based analysis represented in the figure to the right. Conceptually, those issues that are of highest importance to stakeholders, and have the highest influence on our business success, are ranked as high priority and will have appropriate resources allocated. Conversely, those issues for which stakeholders have expressed little or no interest and will not affect our success, are ranked as low priority and resources will not be allocated.

### Materiality Analysis



#### High Priority

- Report on Management Activities
- Set Targets
- Monitor Progress
- Publish Results in Report

#### Moderate Priority

- Commentary Explaining Issue
- Describe our Approach

#### Low Priority

- Issues Are Not Reported On

Lastly, the issues were then sorted in the order of descending score. The highest scoring individual criteria were then combined into major groupings that represented similar broad areas of concern. These broad areas became the pillars and program elements under each pillar. The results of this assessment formed the basis of our definition of sustainability and social responsibility; the four main pillars Facilities, Products, Workforce, and Business Practices; and supporting programs.

