New Belgium Brewing Company, Inc.
Sustainability Management System
Version 2009
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Introduction

Environmental stewardship has been a New Belgium core value since the company's inception. However, a couple of years ago, in typical New Belgium grassroots fashion, a small group of passionate employees advocated for more structure around our environmental goal-setting. They wanted more guidance in sustainable decision-making, better data, and more executive level support for their efforts. Hearing their case that New Belgium should continue to lead in corporate best practices by establishing a Sustainability Management System (SMS), we included planet Earth as a stakeholder in our 2007 strategic planning and vowed to create an SMS.

This first version of the SMS is the product of 16 people’s work, from all parts of the company and outside, as well. Meeting monthly from December 2006 through August 2007, the Sustentacular team took on this work in addition to their ‘regular’ jobs because they care deeply about how New Belgium shows up on the planet and believe passionately in our ability to break new ground in turning our Vision into reality.

Broadly speaking, the SMS requires us to establish our current environmental impact, sets specific targets for improvement, makes plans to achieve those targets, and keeps the plan/do/check/act cycle rolling. We decided to focus our efforts around four Target Areas: carbon footprint reduction, water stewardship, closing loops, and advocacy. Several tools are provided for decision makers in purchasing, design, capital portfolio management, and strategic planning. Finally, there are guidelines for reporting on our progress, and reviewing and updating each aspect of the document.

As we grow, in revenue, territory and age, we become more concerned with securing our legacy. How can we make sure newer co-workers understand what is important to us and continue to uphold those beliefs? We felt there needed to be a bridge between the Core Values and Beliefs, which guide our actions company-wide, and our daily striving to become more environmentally sustainable. The Sustainability Management System is designed to be that bridge and a tool in succession planning.

Transparency and authenticity are central to our culture. Authenticity means our actions match the things we say about ourselves. Transparency shines a light on our successes and our shortcoming so that our stakeholders can be the judge of our authenticity. The SMS will help us to achieve more of both. At New Belgium, we will always look to the far horizon for ways of improving our systems, minimizing our impact, and helping other businesses follow their own path toward more sustainable practices. The path towards sustainability will always be a process. New Belgium is committed to examining each choice we face to find the way that best honors both our human stakeholders and the Earth.
1.0 SMS Objectives and Guiding Principles

Objectives:

- Resource for Compass during annual strategic planning
  - Further define the Strategic Priority—what are we trying to achieve with our sustainability strategy and how might we achieve it?
  - Provide a framework for choosing initiatives
  - Provide inspiration for future, new Strategic Priorities
  - Set targets for environmental metrics
- Provide tools for decision-makers to evaluate and increase the environmental sustainability of their choices
- Provide a process for ensuring that New Belgium’s environmental sustainability goals are regularly evolving

Guiding Principles:

- The World Commission on Environment and Development defines sustainability as meeting the needs of the present without compromising the ability of future generations to meet their own needs.
- According to our word-smiths, sustainability is achieving a balanced union of ecological harmony, social enrichment, and economic vitality. At New Belgium, striving for sustainability is the energy source that turns our company purpose and core values and beliefs from high-minded notions into daily affirmative practices.
- The SMS document is a place to state our beliefs about what needs to happen to achieve environmental sustainability. The following values were drawn from the team’s reasons for participating in the SMS process and from our dialogue about how the brewing industry can address Earth’s most significant environmental problems.
  - With regard to environmental sustainability, we believe in:
    - Lovingly caring for the planet that sustains us.
    - Leadership through environmental stewardship.
    - Stewarding natural resources by closing the loops between waste and input.
    - Minimizing the environmental impact of shipping our beer.
    - Reducing our dependence on coal-fired electricity.
    - Protecting our precious Rocky Mountain water resources.
    - Focusing our efforts on conservation and efficiency.
    - Supporting innovative technology
    - Modeling joyful environmentalism through our commitment to relationships, continuous improvement, and the camaraderie and cheer of beer.
2.0 Strategic Priority

When the SMS process started in late 2006, the Strategic Priority which created the initiative was to “Breathe new life into our environmental stewardship.” The SMS Team, or Sustentaculars as we fondly call ourselves, was formed to do just that.

We spent many hours discussing these tough questions: What are the most important environmental problems we face as a planet? How does the brewing industry contribute to these problems? And, what are the changes that need to be made to the brewing industry to radically—rather than incrementally—fix these problems? In the process, we got to learn more about who we are as a community and what we believe our aspirations are.

The answers led us to revise our strategic priority. We felt that the work of our team was evidence that new life had been breathed in, and we had specific ideas about how that life should take shape in the coming years at New Belgium.

For 2009, we have two Environmental Stewardship Strategic Priorities:

1. Leverage advocacy and collaboration for the environment
   
   While demonstrating environmental leadership through action and advocacy is now more a way of life than a strategy, we believe that New Belgium has a unique opportunity the next few years to bring together disparate interests to facilitate valuable transformations in our industry, communities, and eco-sheds. We can leverage our excellent reputation for corporate responsibility to convene others and create a ripple bigger than our individual splash.

   INITIATIVES
   - Save the Colorado philanthropy & advocacy campaign
   - Industry collaboration (organic RM, reusable packaging, retail refrigeration, glass recycled content, helping small brewers)
   - Water footprinting sector guidance
   - FortZED
   - Fort Collins Recycles Initiative
   - Transportation 4 America

   ➢ The Key Performance Indicator (KPI) for this SP is a blended rating of our environmental action and advocacy across multiple attributes.
2. Lessen the impact of our energy needs on the environment.

Through the use of innovation and collaboration this SP will strive to reduce our peak energy consumption while responsibly managing our GHG emissions. The ongoing efforts of the DOE work will provide a platform for peak energy management. We will also improve the way we collect and manage GHG emission data throughout the value chain and look at long-range, strategic supply chain/industry collaborations to reduce the footprint of our products. These efforts will provide us with information for decision making on new investments, strategies to reduce our carbon footprint, and role model carbon and energy management practices.

INITIATIVES

- Refine GHG emission reduction goal & define initiatives to achieve goal
- Complete GHG data collection/calculation for the value chain in compliance with established protocols
- Participate in WBCSD/WRI Scope 3 Protocol development & Product Standard Protocol development
- Additional electrical metering
- Additional methane storage from PWTP to provide fuel for peak times.
- Demand Response technology to lower electrical loads during peak times. This includes controls systems to react and reduce loads such as HVAC, malt unloading, PWTP blowers.

- The Key Performance Indicator (KPI) for this SP is a 1300kW demand reduction during demonstration period.
- The Key Performance Indicator (KPI) for this SP is a reduction in GHG emissions 25% per barrel by 2015 vs. 2006 baseline.

The remainder of this SMS focuses on how to achieve these strategic priorities.
3.0 Target Areas

Our “tough questions” discussion revolved around several themes: circular thinking, closing loops, eliminating waste, reducing transportation impacts, building community where we sell our beer, reducing greenhouse gas emissions, being a net positive generator of clean, renewable energy, and optimistic environmentalism. The commonalities of these themes are reflected by our Target Areas.

Target Areas serve to organize the action for achieving the Strategic Priority, that is, the company, departmental and personal initiatives. Target Areas also suggest quantifiable goals (the targets themselves) to drive and measure our achievements. These Target Areas are complimentary and many initiatives will overlap a number of target areas. However, the important thing is to focus on the emphasis of each Target Area.

Leadership is part of our DNA at New Belgium. Likewise, we want to be leaders in environmental sustainability. While not called out as its own Target Area, leadership should infuse them all.

Leadership’s value is in setting an example for others to emulate—forging the way. In order to fully recognize New Belgium’s desire to have a positive impact on the environment, we must push the envelope. Leadership in environmental sustainability includes innovation and early adoption of cutting-edge technology. Leadership implies doing things that aren’t being done or doing what is being done better. However, leadership does not mean going it alone. Big efforts to rethink our industry will require collaboration. We will need to be a leader in forging partnerships.

The targets we propose will be challenging to achieve. But challenges lead to innovation and are necessary for the intellectual vitality that, along with our community, sustains our work life enthusiasm over the years.
3.1 Carbon Footprint

**Rationale:** With widespread international recognition that human-caused carbon emissions are contributing to global warming, it is New Belgium’s responsibility as a socially and environmentally conscious business to reduce our carbon footprint.

**Definition:** An entity’s carbon footprint represents the direct and indirect CO2-equivalent emissions to the atmosphere that are the result of that entity’s operations. For New Belgium, energy use, transportation, and material consumption all contribute to our carbon footprint. The carbon footprint of our products extends up and down the supply chain, from extraction of minerals to make glass and kegs to the disposal of our bottles by the consumer. Efforts to increase the efficiency of our operations will reduce the footprint of our company. We’ll need long-range, strategic, collaborative rethinking of the approaches of our industry to reduce the footprint of our products.

**Emphasis:** energy, packaging materials, transportation, CO2 purchases and direct emissions, solid waste, carbon accounting and reporting.

**Potential Company Initiatives:**

**Proposed target (s):**

- By 2015, reduce greenhouse gas emissions per barrel by 25%. 
3.2 Water Stewardship

**Rationale:** Water is over 90% of our product. In 2006, we required 3.9hL of water to make 1hL of beer. Living in the arid west, with a river running through the middle of our town, water is an important regional issue. Access to clean water is a (threatened) basic human right, and the effects of climate change exacerbate the aridity of the West.

**Define:** Responsible consumption through minimizing waste and protecting watersheds

**Emphasis:** conservation, education, innovation, benchmarking, quality, water use in whole product lifecycle

**Potential Company-level Initiatives:**

**Potential Departmental or Personal Initiatives:**

**Target:**

By 2015, 3.5: 1.0 ratio
3.3 Closing Loops

**Rationale:** By closing resource loops, New Belgium seeks to maximize the value of the resources used in the production and delivery of our product. This practice simultaneously minimizes damage to ecosystems from resource extraction, preserves resources for future generations, and reduces waste generated.

**Definition:** Resource loops describe the life-cycle of a resource, traditionally from extraction to end of use. Closing resource loops is the process of evaluating a particular resource use and designing it such that the resource or by-product can be indefinitely reused or returned to the earth in a beneficial manner.

**Emphasis:** Material reduction, reuse, recycling. Positively influencing supply chain sustainability from extraction through production, as well as our distributors & consumers from purchase through disposal.

**Potential Company-Level Initiatives:**

**Potential Departmental or Personal Initiatives:**

**Target:**

- 95% waste stream diversion b7 2015 (*This target does not include Spent Grain or Sludge because they are so large (98% of total waste) that they make it difficult to track progress in other categories. With those waste streams included, we have a 99.9% diversion rate as of 2009.*)
  - Actual 2007=73%
  - Actual 2008=91.5%
  - Actual 2009=95.6% We achieved our target early!
3.4 Advocacy

Rationale: Even if New Belgium achieves zero-waste, carbon-neutral operations using 100% on-site renewable energy, we won’t have made a significant physical impact on the global environmental challenges facing our planet today. In the grand scheme, we are but a drop in the bucket. We have a hip and fun platform – beer culture – to turn the splash from that drop into a far-reaching ripple. If we can use this platform for advocating sustainability that migrates out through our supply chain, distribution chain, our industry peers, and our consumers, then we will be leveraging our influence.

Define: Through leadership by example, sustainable branding, support of sustainable activities, and internal and external education, New Belgium will be an advocate of sustainability. Additionally, we will pursue our Sustainable Branding Strategy - an affirmative branding agenda that moves from a sole focus of communicating brand distinction to building real brand relevance through social and environmental advocacy.

Potential Company-Level Initiatives:

Potential Departmental or Personal Initiatives:

Proposed target:

- Annual qualitative list of accomplishments
4.0 Tools

The Target Areas of Section 3 form the organizational structure for accomplishing the Strategic Priority, while the initiatives within each target area provide the building blocks for getting there. This part of the SMS provides tools for screening, prioritizing, and implementing initiatives.

4.1 Portfolio Screening Tool

In total, Section 3.0 currently lists nearly 100 company-level and departmental or personal initiatives for potential implementation. As well, new opportunities will continue to emerge in the cyclical plan-do-check-act framework of this SMS. A strategy is needed for screening and selecting the initiatives with the strongest contribution to the strategic priority. The following screening tool was developed by the Sustentacular Team to help compare initiatives based on the environmental and fiscal benefits to New Belgium as well as the ripple effects beyond New Belgium (advocacy).

<table>
<thead>
<tr>
<th>Proposed Sustainability Strategy</th>
<th>Brief Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Action (Environmental benefits to NBB)</strong></td>
<td>Relative benefits: High, med, low</td>
</tr>
<tr>
<td>reduces energy use</td>
<td></td>
</tr>
<tr>
<td>reduces energy demand</td>
<td></td>
</tr>
<tr>
<td>reduces water use</td>
<td></td>
</tr>
<tr>
<td>reduces other material inputs</td>
<td></td>
</tr>
<tr>
<td>reduces ghg emissions</td>
<td></td>
</tr>
<tr>
<td>increases renewable energy</td>
<td></td>
</tr>
<tr>
<td>reduces transportation impacts</td>
<td></td>
</tr>
<tr>
<td>closes loops</td>
<td></td>
</tr>
<tr>
<td>other environmental benefits not tied to SP goals</td>
<td>(overall score 1-3; 3 is highest benefit)</td>
</tr>
<tr>
<td><strong>Advocacy (Ripple effect of NBB action)</strong></td>
<td>Relative benefits: High, med, low</td>
</tr>
<tr>
<td>effect on supply chain</td>
<td></td>
</tr>
<tr>
<td>effect on current customers</td>
<td></td>
</tr>
<tr>
<td>alignment with branding</td>
<td></td>
</tr>
<tr>
<td>effect on local community</td>
<td></td>
</tr>
<tr>
<td>effect on sustainability movement</td>
<td></td>
</tr>
<tr>
<td>effect on distribution chain</td>
<td></td>
</tr>
<tr>
<td>effect on brewing industry</td>
<td></td>
</tr>
<tr>
<td>effect on employees personal life</td>
<td></td>
</tr>
<tr>
<td>other ripple effects</td>
<td></td>
</tr>
<tr>
<td><strong>Financial Value</strong></td>
<td>Relative benefits: High, med, low</td>
</tr>
<tr>
<td>Top-line potential</td>
<td></td>
</tr>
<tr>
<td>Bottom-line savings</td>
<td></td>
</tr>
<tr>
<td>Cost to implement</td>
<td></td>
</tr>
<tr>
<td>Cost-share potential (partners, rebates, etc.)</td>
<td></td>
</tr>
<tr>
<td>Financial certainty/risk management</td>
<td></td>
</tr>
<tr>
<td>Quantitative Score (1-3)</td>
<td>(overall score 1-3; 3 is highest benefit)</td>
</tr>
<tr>
<td><strong>TOTAL SCORE</strong></td>
<td>(Action x Advocacy x Financial Value)</td>
</tr>
</tbody>
</table>
4.2 Procurement Practices

Each of the four target areas of this SMS are impacted by our procurement practices – the stuff we buy. Because of this, the Sustentacular Team examined our existing procurement practices and considered how other companies are using sustainability as a lens for making purchasing decisions. The first step before making any purchase should be to ask yourself if we really need the item, and if so, can we re-use something we already have.

The brewery purchases a range of materials and equipment broadly sorted into the following categories:

**Purchasing Areas (current mechanisms)**
1. Brewing materials (Vendor Quality Report)
2. Point of sale-POS
3. Packaging (Vendor Quality Assessment, Vendor Rating System)
4. IT/office equipment
5. Offices supplies
6. Process equipment
7. Spare parts
8. Corporate credit cards
9. Miscellaneous other

As of 2007, the following control mechanisms for some of these procurement areas lent themselves to enhancements around sustainability:

**Current Purchasing Control Mechanisms**
1. Vendor Quality Assessment (e.g. cardboard)
   a. Qualification questions
   b. Plant audit
   c. Line efficiency test
2. Vendor Rating System (e.g. glass) and Vendor Quality Report (e.g. malt)
   a. Bi-annual evaluation
   b. Topics include
      i. Glass: quality of glass/mother cartons/carriers, quality of inventory, quality of delivery, supplier support, price, and audit
      ii. Malt: quality, delivery/supplier support, price & terms of payment
   c. Performance incentives through purchasing preference beyond minimum order

Other companies serve as helpful examples:

**What are Other Companies Doing?**
1. Pre-screening of suppliers
2. Open access for audits
3. Launching sustainability best practice programs in supplying industries (e.g. Heineken and barley)
4. Targeted purchasing standards (e.g. 100% recycled cardboard, etc.)

**2007 Recommended Direction** Based on the Sustentacular Team's discussion around procurement, the recommended direction moving forward is to:

- Build on existing pre-screen, audit, review, and incentive mechanisms to incorporate sustainability at each stage
- Expand these tools to cover all purchasing areas. Focus initially on POS and packaging RM.
- Add the resulting tools/results to this SMS during its periodic update

**2008 Sustainable Purchasing Guidelines**

In 2008, we launched the Sustainable Purchasing Guidelines (See Appendix 6.4)

**2009 Opportunities:**

- Incorporate sustainability qualifications and review points into Vendor Rating or Vendor Quality documents in other purchasing areas, such as Maintenance Parts, IT and QA
- Continue current efforts within the Supply Chain and Branding by adding Sustainable Purchasing efforts as initiatives within each department
- Prepare brief guidance document for corporate card users
- Add Sustainability statement to printed checks
  - For example, “Our goal is to support sustainable vendors. How are you helping us with our goal?”
- Continue to coach co-workers in use of sustainability screening questions.
4.3 Design Guidelines

To reach the quantitative goals for the three target areas of Carbon Footprint, Water Stewardship, and Closing Loops, we’ll have to significantly minimize if not neutralize the effects of our growth on our overall environmental footprint. For example, our Carbon Footprint goal to reduce per barrel CO2 emissions by 50% would effectively neutralize the environmental effects of doubling production levels. Close attention to new design and construction is paramount to achieving reductions in carbon emissions, water use, and waste diversion. A tool was developed by New Belgium engineers for incorporating sustainability into design during the 2005 Site Master Plan process. An updated version is forthcoming.
4.4 Additional Tools

As the work of this SMS progresses, co-workers may develop others tools internally or identify existing external tools to apply at New Belgium. The SMS is intended to serve as a repository of tools/resources for supporting the work of our co-workers in identifying, screening, prioritizing, and implementing initiatives on an ongoing basis. For example, the Sustentacular Team evaluated a number of existing sustainability frameworks when developing this SMS. Although none were adopted wholesale, many provide valuable guidance for New Belgium. A summary of these frameworks is provided in the table below. As well, this section of the SMS will be updated as new tools are identified so that it can serve as a more comprehensive and growing reference for co-workers.

<table>
<thead>
<tr>
<th>Name &amp; Description</th>
<th>Pros</th>
<th>Cons</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Natural Step: Specifies 4 ‘system conditions’ for sustainability that promote renewable energy, waste minimization, biodiversity, and care for people.</td>
<td>Very specific and thorough; robust</td>
<td>Difficult/lengthy to describe. Not in and of themselves inspirational.</td>
</tr>
<tr>
<td>Ecological Footprint: A method for calculating how much land and water required to produce resources consumed and waste absorbed. Inspires goal of Zero Footprint.</td>
<td>Well known. Over-consumption ‘easily’ defined (population x footprint &gt; land). Emphasis on time for renewable resources to ‘recharge’, not just finiteness of non-renewables.</td>
<td>Converts inputs &amp; outputs into land requirements (global hectares per capita). We don’t think about the brewery’s sustainability in terms of overpopulation. Calculation methodology is problematic.</td>
</tr>
<tr>
<td>Carbon Footprint: Measures the energy consumed and CO2 emitted (primarily through burning fossil fuels). In materials, includes embodied energy.</td>
<td>Easy to measure and describe. Carbon emissions (climate change) thought by many to be the most important environmental goal.</td>
<td>Limited in its scope (doesn’t consider non-GHG pollution, like mercury toxicity, or biodiversity, for example). Doesn’t positively define sustainability, just emphasizes less. Could encourage offsetting vs. reductions.</td>
</tr>
<tr>
<td>Natural Capitalism: Emphasizes the dependence of industry on natural resources and the need to account for/value them as we do man-made capital. Four interlinked principles, 1) radically increase efficiency; 2) base production on biological models with closed loops and zero waste; 3) shift from the sale of goods (for example, light bulbs) to the provision of services (illumination); 4) reinvest in natural capital.</td>
<td>Acknowledges that the services ecosystems provide are more valuable than their resources. Good inspiration for amending financial reporting for more accurate considerations of value. Thorough; not incremental.</td>
<td>Beyond efficiency, are the other principals actionable for a brewery (we can’t portray the earth’s natural resource base on our BS)?</td>
</tr>
<tr>
<td>Cradle-to-Cradle: Akin to life-cycle analysis which measures the direct and indirect impacts of a product from inception to next state. If one product’s grave is another’s cradle, energy is conserved. Instead of ‘take-make-waste’, industry can create ecological value.</td>
<td>The ultimate in product stewardship. Striving to mimic nature by ‘closing the loop’—all your inputs and your waste part of your ‘process’. If we obeyed the ‘law of return’, there would be no ecological crisis!</td>
<td>Difficult to apply to a CPG product? Largely about product design.</td>
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<tr>
<td>NBB CVB’s: enhance people’s lives, surpass expectations, kindling environmental change as a sustainable business role model, environmental stewardship: honoring nature at every turn of the business</td>
<td>They already exist in our culture! Lofty and inspiring</td>
<td>Vague: how do we know when we achieve “change” or are a “role model” or are “honoring nature”. If the bar is low, even if we’re above it, is that good enough?</td>
</tr>
<tr>
<td>Greg’s definition for NBB: Sustainability is achieving a balanced union of ecological harmony, social respect and economic vitality. For New Belgium, it is the energy source that turns our company purpose and core values and beliefs from high-minded notions into daily visionary practices.</td>
<td>It’s ours, it’s well-written.</td>
<td>Vague? Hard to define achieving ecological harmony.</td>
</tr>
</tbody>
</table>


| Interface’s Mount Sustainability: 1) Eliminate Waste, 2) Benign Emissions, 3) Renewable Energy, 4) Close the Loop, 5) Efficient Transportation, 6) Sensitize Stakeholders, 7) Redesign Commerce | Direct, specific, actionable/achievable, transferable, thorough. | A little more long-winded (e.g. for press/pr). Identifies areas of focus, but not goals or objectives. |
| Patagonia’s Environmental Philosophy: 1) Lead by example, (2) Clean up our act, (3) Do our penance, (4) Support civil democracy, (5) Influence other companies. | Simple and direct—easy to speak and to understand. Emphasizes process & actions. | How do you know when you’re being successful?—doesn’t require results. |
**5.0 Management System**

This section addresses the ongoing maintenance of the SMS in order to not just breathe new life into New Belgium’s environmental stewardship, but to sustain the sustainability in an ongoing and strategic manner. This will mainly be accomplished through annual sustainability reporting, yearly commitment to new initiatives during New Belgium’s annual strategic planning cycle, and periodic maintenance of the SMS. These roles will be performed by the Sustentacular Team who will also be responsible for ongoing communication with co-workers. The founding Sustentacular Team members that created this original SMS will stay in place for two years, with co-workers being transitioned in and out of the team on an ongoing basis thereafter.

**5.1 Annual Reporting**

As shown in the SMS diagram below, annual reporting provides an important window for co-workers and the outside world to see into the workings of the SMS, show progress in our efforts, and, most importantly, lends transparency and authenticity to our claims. Sharing results addresses accountability which in turn builds credibility and rapport – vital elements for Advocacy.

*Reporting is Key in Sustainability Management*

The annual sustainability report can be used to summarize, update, and report on sustainability efforts in a variety of ways – Externally: through website (esp. FollowYourFolly.com), handout to brewery visitors,
conference presentation attendees, etc. Internally: periodic updates on portal, at monthly meetings, board meetings, retreat, etc.

Based on a survey of actual reports and guidance on corporate sustainability reporting, the New Belgium annual sustainability report will include the following elements:

• **Annual Sustainability Report Elements**
  – Letter from CEO
    • Simple, for example, stating Splash/Ripple metaphor; humility for what we have yet to achieve
  – Vision, Goals, and Strategy
    • Overall Sustainability vision statement + communication of goals and strategies related to current priorities established through the 4 SMS target areas
  – Performance Indicators (Targets)
    • Stating the most important measures, impacts currently focused on (such as water reduction, renewable energy %, etc.)
  – Accomplishments
    • Big picture actions and innovations worth celebrating and sharing
  – Contact Information
    • Where consumers and other businesses can go (such as website, specific units and individuals involved in actions, etc.) to obtain more specific info (further data, more explanation of innovations, etc.)

**2007 Sustainability Report**

The Sustainability Report can be distributed internally and externally. You can find the 2007 Sustainability Report in the following locations:

• S:\Sustainability\Sustainability Report\07NBBSustainabilityReportlowres.pdf
• http://www.newbelgium.com/files/shared/07SustainabilityReportlow.pdf

**2008 / 2009 Sustainability Report**

In the spring of 2010, we will release the 2008 / 2009 Sustainability Report. A new edition of this report will be published every two years.
## 5.2 Periodic Updating of SMS

The following table lists the elements of this SMS, the review frequency for each element, who will develop and approve changes to the SMS, and which sections of the SMS feed into the annual sustainability report.

<table>
<thead>
<tr>
<th>SMS Section</th>
<th>Review Frequency</th>
<th>Organizational Roles</th>
<th>Interface with Annual Report</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Who Develops</td>
<td>Who Approves</td>
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<tr>
<td><strong>1.0 SMS Objectives and Guiding Principles</strong></td>
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<tr>
<td></td>
<td>3-years</td>
<td>SMS Team</td>
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<tr>
<td><strong>2.0 Strategic Priority</strong></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>A. SP Statement</td>
<td>Annually</td>
<td>SMS Team</td>
<td>Compass</td>
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<tr>
<td>B. Three KPIs</td>
<td>Annually</td>
<td>SP Owner</td>
<td>Compass</td>
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<td></td>
<td></td>
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<tr>
<td><strong>3.0 Target Areas (3.1-3.4)</strong></td>
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<td>A. Number/subject</td>
<td>3-years</td>
<td>SMS Team</td>
<td>Compass</td>
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<tr>
<td>B. Rationale, definition</td>
<td>3-years</td>
<td>Sub-Comm’s</td>
<td>SMS Team</td>
</tr>
<tr>
<td>C. List of potential initiatives</td>
<td>Ongoing</td>
<td>Sust. Dept.</td>
<td>SMS Team</td>
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<tr>
<td>D. Annual initiatives</td>
<td>Annually</td>
<td>SP Owner</td>
<td>Compass</td>
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<tr>
<td>E. Quantitative targets</td>
<td>3-years</td>
<td>SMS Team</td>
<td>Compass</td>
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<td>F. Progress towards targets</td>
<td>Annual</td>
<td>Sust. Dept.</td>
<td>SMS Team</td>
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<td><strong>4.0 Tools</strong></td>
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<tr>
<td>4.1 Portfolio Screening Tool</td>
<td>3-years</td>
<td>Sust. Dept.</td>
<td>CEO</td>
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<td>4.2 Procurement Guide</td>
<td>3-years</td>
<td>Sust. Dept.</td>
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<tr>
<td>4.3 Design Guidelines</td>
<td>3-years</td>
<td>Sust. Dept.</td>
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<td>4.4 (New tools)</td>
<td>Ongoing</td>
<td>Sust. Dept.</td>
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<td><strong>5.0 Management System</strong></td>
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<tr>
<td>5.1 Reporting Guidelines</td>
<td>3-years</td>
<td>SMS Team</td>
<td>CEO</td>
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<tr>
<td>5.2 Annual Report</td>
<td>Annual</td>
<td>Sust. Dir.</td>
<td>X</td>
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<tr>
<td>5.3 Periodic Updating SMS</td>
<td>3-years</td>
<td>SMS Team</td>
<td>X</td>
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To accomplish the periodic updates listed in the table above, the Sustentacular Team would meet twice per year as summarized in the table below:

### 5.3 Sustentacular Bi-Annual Meetings

<table>
<thead>
<tr>
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<th>Meeting 1</th>
<th>Meeting 2</th>
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</thead>
<tbody>
<tr>
<td><strong>Focus</strong></td>
<td>Previous Year’s Performance</td>
<td>Plan for Coming Year</td>
</tr>
<tr>
<td><strong>When</strong></td>
<td>Spring</td>
<td>Summer</td>
</tr>
<tr>
<td><strong>Milestone</strong></td>
<td>Annual Sustainability Report</td>
<td>Input to annual strategic planning</td>
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</tbody>
</table>
| **Agenda Items** | • Measure progress to targets and KPIs (previous year)  
                   • Review draft annual report  
                   • Check status of current initiatives  
                   • Set corrective course where needed  
                   • Update co-workers internally | • Use screening tool to prioritize and propose initiatives for coming year  
                   • Check status of current initiatives  
                   • Set corrective course where needed  
                   • Update co-workers internally |

These meetings may be broken up into a few sessions if need be.

In addition to attending bi-annual meetings, sustentacular members would have ongoing ‘homework’ or roles within New Belgium:

- Participate in relevant annual company, departmental, or personal sustainability initiatives through pilot works
- Keep eye out for useful tools and resources to add to the SMS
- Recommend new initiatives for improving New Belgium’s sustainability performance
- Serve as two-way information conduit between sustentacular team and department – what do co-workers want to hear at all-staff updates? What are their questions and ideas?
- Be an informed ambassador when representing New Belgium’s sustainability efforts to customers, suppliers, distributors, neighbors, friends, the community
6.0 Appendices

6.1 Sustainability Report

For internal reference or external release, see S:\Sustainability\SustainabilityReport\07NBBSustainabilityReportlowres.pdf.
You can also download it online here: http://www.newbelgium.com/files/shared/07SustainabilityReportlow.pdf

6.2 Personal Tips for reducing for ecological footprint

1. **Have patience** – Remember when we were taught that patience is a virtue? Convenience can be a crutch to justify less-than-thoughtful, need-displacing, impulse shopping. The more patience we have in our lives, the more time we will have to contemplate our true needs and the repercussions from thoughtless actions we will create. The next time you are going to buy something, stop and think about what it will bring to you and your community as a whole. Ask yourself: Can I get this used? Can I barter for it? Where was it made? Was it made by someone treated with the dignity they deserve? Am I honoring life by purchasing this? Patience and mind-full living will greatly enrich your life and reduce chaotic clutter.

2. **Hang your clothing to dry** – The clothing-dryer is the 2nd-most energy consumptive household appliance after the refrigerator and arguably the most frivolous (after the vibrating belt exercise machine) when living in the desert. Even if you don’t have space for an outdoor clothesline there are indoor racks that are compact and work like a charm.

3. **Love your neighbor** – Not just the Jones’ down the street but also the flowers, the foxes, the birds, the mountains, and the rivers. All things are inexplicably connected, and if we can begin to treat our wider neighbors with the respect that we strive to treat other humans, the results will be beautiful. Live with an astute awareness of your actions and their affects on the whole.

4. **Put on a sweater** – When the temperatures drop, rather than throwing another log on the fire (or coal in the power plant) throw on a sweater, put on some soft booties, and sip a steamy hot drink. It’ll make you feel all warm and fuzzy.

5. **Bicycle, walk, take the bus, or just stay home and relax** – Try to wean yourself from America’s addiction to the automobile. Set goals, like “this year I will only drive my car once a week.” It’s fun!

6. **Support Local Agriculture** – Shop at the Farmers Market, join a C.S.A (Community Supported Agriculture) Farm, or grow a garden. Eating is a divine act—who created your meal?

7. **Drink tap water** – Shipping bottled water around the world in plastic bottles burns a heap of fuel, pollutes our air, and puts more plastic into an increasingly plastic-sheathed world. Fort Collins has some of the best
tap water in the world, but if tap water is not up to your standards, there are very high quality filters available at much more affordable prices than the cost of purchasing bottled water.

8. **Use your own shopping bag** – Next time you’re asked, “Paper or plastic” say “Neither, I have my own bags.”

9. **Unplug** - Turn off your computer when you are not using it. Turn off your chargers. Most cell-phone chargers continue to draw electricity even when the phone isn’t plugged into it. If your cell-phone charger averages five watts per hour and is plugged in all the time, that means a total of more than 40 kilowatt-hours every year, or about 93 pounds of CO₂. The same problem applies to your other electronic equipment—your laptop, iPod, digital camera, television, and BlackBerry. Unplug everything when not in use.

10. **Unplug, really…** - Take regular hiatuses from the cyber world that has crept into nearly all aspects of modern American life. Schedule them if you must, but really unplug for a while. Leave your iPod at home, don’t bring your cell phone every time you leave the house, keep your computer off for the entire weekend, don’t get in your car, and refrain from using any power at all for even a ½ day. Your body, heart, and mind will thank you.

### 6.3 Information our co-workers need to be advocates for the Brewery’s sustainability mission (from Retreat, 2007, small group break-outs):

- The lifecycle of our POS
- Where our ingredients come from
- Frequent updates and opportunities for Q&A in a OBM-like meeting
- What we can do at home and in the community
- Our energy and water use compared to benchmarks
- How to encourage our accounts and distributors towards more sustainability
- How to educate our new staff (orientation and 101 training), especially field sales
- Accurate data!
- How to handle objections to our sustainability claims
- A place to find up-to-date info, portal-accessible, including: What are we working on now? What are our goals? And, not just, what are we doing, but why are we it (values)?
- How much money have we saved with our sustainable practices?
- Quick reference guide (with numbers), possibly business card sized
- Mothership awareness of marketing campaigns, so we can sound knowledgeable when asked
- What are other companies doing?
- Prioritize (and publish) our biggest faults/least sustainable practices
6.4 Sustainable Purchasing Guidelines

Through action and advocacy, New Belgium strives to be a sustainable business role model, and we prefer vendors who are doing the same. The world is beginning to expect that providers of goods and services be accountable for the impact of sourcing, making, and selling their products. So, not only is sustainable procurement the moral thing to do, it is strategically advantageous as well. We look to partner with companies who:

1. Measure and minimize the environmental footprint of their operations and products by looking at transportation, packaging, waste, energy, toxic substances, water, and CO2 emissions.

2. Create a high-involvement corporate culture which values and rewards everyone’s contributions.

3. Have a management system which demonstrates environmental commitment by setting goals and regular reporting.

4. Are working with others to improve the sustainability of their industry.

The questions which follow will begin our dialogue about what it means to be sustainable in your business.

**Your Supply Chain:** How do you manage your supply chain to ensure environmental and social responsibility?
- How do you minimize your packaging? Is your packaging ‘sustainable’ or does it have positive environmental attributes?
- Do you have sustainable and/or social procurement policies?
- Have you quantified your CO2 footprint throughout your product lifecycle?
- How do you ensure the sustainability of the products we buy from you? What measures do you take to promote or enhance the sustainability of the products we buy from you?
- How do you monitor the employment practices of your manufacturers and/or suppliers?
- How do you ensure the working and living conditions of migrant or factory laborers?
- Does our business with you support NBB’s local economy?
Manufacturing and Administration: What does your company do in its day-to-day operations to reduce negative and increase positive environmental impacts?
  • Do your products have positive environmental attributes?
  • Have you quantified your CO2 footprint for your operations?
  • Do you have goals to reduce your use of raw material inputs?
  • Do you use alternative energy?
  • Do you have energy efficiency goals?
  • Do you have water use reduction goals?
  • Do you have toxic material inputs?
  • Do you use natural or non-toxic facilities management practices (e.g., pest control, cleaning, surface treatments)

Transportation: What are you doing to minimize the transportation impacts of your supplies and products?
  • Where do our supplies originate? How are they shipped to you?
  • Are our supplies shipped by boat, rail, air or truck?
  • Do you maximize loads?
  • Do you use alternative transportation fuels?

Waste
  • What is your policy regarding waste management? Do you recycle?
  • Do you have waste minimization goals?
  • Do you use paperless invoicing and electronic funds transfer?

Company Culture: Are our cultures compatible?
  • Do you provide health insurance for your employees? Paid time off?
  • Do you have an ESOP or other retirement or equity-sharing plan? A profit-sharing plan?
  • Do people like to work for your company? How do you honor their contributions?

Certifications and Reporting:
  • Are you a member of any environmental organizations (e.g., USGBC, RPA-100%, SPC, etc.)
• Do you have independent 3rd party certification or recognition of your sustainable practices? (e.g., FSC, 1%FTP, EPA Smart Ways, local or state programs, World Blu, Fortune Magazine, etc.)

• Do you have either an SMS or EMS?

• Do you publically disclose environmental impacts, goals and activities through regular reporting?

**Advocacy:** What actions are you taking to encourage others to reduce their environmental impacts? How are you working outside of your regular business operations to “do the right thing”?

• Are you partnering with others in your industry or supply chain to establish best practices?

• Do you have any community outreach programs?

• Do you support your employees in their sustainability efforts (e.g., recycling, carpooling, sponsoring nonprofits, etc.)?

• How can your customers help you reduce your negative environmental impacts?

### 6.5 Accomplishments

**2007**

• Completed the SMS!

• Applied for $2million in funding for sustainable energy projects through the Department of Energy in partnership with the City of Fort Collins

• Met regularly with Solix to enable them use our site, CO2, and treated process waste water to prove their algae-to-biodiesel technology.

• Created an executive level sustainability position

• Wrote an innie and outie green document

• Became 1% For the Planet members

**2008**

• Commissioned and received a Life Cycle Assessment on a 6-pack of Fat Tire.

• Featured in a Wall Street Journal Article

• Awarded a $2million grant for sustainable energy projects through the Department of Energy in partnership with the City of Fort Collins

• Completed our first Corporate Sustainability Report
New Belgium Brewing Company, Inc. 2009

- Became Gold members of the Colorado Environmental Leadership Program
- Implemented a Recycling Training Series for coworkers
- Purchased 30 pounds of the first ever Colorado-grown Organic Hops commercially sold
- Redefined Philanthropy Guidelines to focus on Environmental efforts.
- Created Sustainable Purchasing Guidelines and started implementation.
- Removed 12-pack dividers, saving money, energy and resources.
- Voted “Best Place to Work” by Outside Magazine.

2009

- Installed 200 kW photovoltaic solar array above the Packaging Hall. This renewable source of electricity is projected to replace almost 264,000 kWh of coal-powered electricity per year.
- Conducted comprehensive assessment of corporate greenhouse gas emissions following GHG Protocol.
- Created a comprehensive, multi-faceted INreach program to further engage coworkers in sustainability at home and at work.
- Developed online POS ordering system to reduce on-site paper waste and shipping waste.
- Worked with paperboard supplier to double the recycled content in our 12 packs and 24 packs (from 44% to 88% recycled content). The rest of our cardboard packaging contains 100% recycled content.
- Made process improvements to our wort cooler and whirlpool that save 2.9 hl of work lost per brew. This saves substantial amounts of water, energy and raw materials.
- Installed a new recycling center in the community kitchen that has reduced the amount of compost and recyclables in the landfill bin.
- Named one of only two platinum-level Bicycle Friendly Business by the League of American Bicyclists.
- Achieved our highest landfill diversion rate to date: 99.8%
- Voted “2nd Best Place to Work” by Outside Magazine.
- Included in Wall Street Journal’s Best Small Workplaces
- Worked with vendors to reduce packaging on POS items
- Revamped server room to use virtualization technology. By consolidating several physical servers into one, we are saving energy.
• Optimized operation of our CHP engine that burns waste biogas from our Process Water Treatment Plant.

• Implemented electronic billing – significantly reducing paper use in accounting.