



WASTE REDUCTION (REDUCE, REUSE, RECYCLE)

Our integrated waste management program prioritizes reducing, reusing and recycling. **Our production process is nearly zero waste:** 98% of the byproduct is either reused or recycled.

- Reuse: We reclaim our lees filtration (the liquid wine mixed in with the solids) and what we can't reclaim, we send to East Bay Metro Utility District for use in their waste-to-energy cogeneration program.
- Recycle: We recycle everything possible. At KORBEL, we manage a composting operation to turn old grapevines and landscape refuse into all-natural, nutrient-rich fertilizer.



THE PUREST EXPRESSION OF OUR SUSTAINABILITY PHILOSOPHY: LAUGHLIN FIELD

All of our sustainability initiatives come to life at the 88 acres of Laughlin Field, we reused and recycled nearly everything on the land. For example, the prior vineyard vines, old wooden stakes and end posts were all removed, chipped and blended with grape punice and manure to create compost. This compost was used to add organic material to the land and build soil structure. Even the old steel trellis posts and used plastic irrigation pipes were recycled.

We then conducted a GPS survey prior to planting to identify all pre-plant projects, such as soil pit tests, drainage and property lines/markers. The GPS survey allowed us to maximize energy and water efficiency and reduce as much waste as possible. To minimize our water usage, we installed a complex subsurface drainage system that actually collects rainwater and fills two on-site irrigation holding ponds.

KORBEL proactively installed two new Tier 3 clean-burning-fuel engines at the pumping stations for irrigation. On-site redwood trees that had fallen during rainstorms were milled for lumber and used to remodel an old existing barn.

Laughlin Field has six owl boxes and four wooden duck boxes. Liverau Creek, a tributary of the Russian River and located along the vineyard, is continuously being restored by KORBEL.

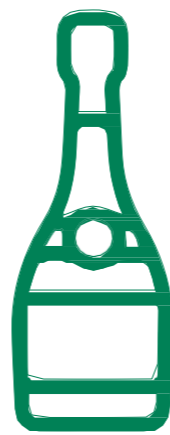
KORBEL[®] SUSTAINABLE PRACTICES



WATER CONSERVATION

Water is a key ingredient in making great California champagnes. KORBEL's water conservation program has yielded successes. Over the last 10 years, we have reduced our water consumption by 32%, placing water meters on the disgorging line to monitor the reductions by improving flow control and spray nozzles so less is used to achieve the same level of cleaning. Our cellar practices many conservation methods that reduce the need to use water for processing and cleaning.

- In one of our vineyards, KORBEL uses no well water. All water needs are met by reclaimed processed water. We also use subsurface drainage to collect rainwater for all irrigation and frost control needs.
- To minimize our water usage, we've installed soil moisture probes in the vineyards to ensure that we only irrigate when necessary.
- Our world-class gardens are an important part of the experience for our visiting consumers. We have initiated a number of practices to reduce the environmental impact, including drip irrigation instead of sprinklers, increasing water efficiency zones and timer programs and the use of native species that use less water.



SUSTAINABLE PACKAGING

Working with our supply chain, we have reduced the plastic and cardboard that is used to ship labels to us. We are also working with all of our capsule suppliers to reuse the boxes that they use to ship capsules to us.

- On average, KORBEL's cardboard boxes are made of more than 50% recycled content which adds up to about three million pounds of recycled content annually. Using a new capsule environmentally-friendly material called Derma, we have reduced carbon footprint by 11.56% per capsule produced.



RESPECTING OUR EMPLOYEES, COMMUNITY & ENVIRONMENT

We educate our employees about sustainability with tailgate meetings and our Environmental and Safety Fair. One of the reasons we're able to make great California champagne is that our vineyards are full of life. We have a responsibility to protect our ecosystem. We annually work with the California Department of Fish and Wildlife and with Trout Unlimited to clean creeks and streams located within our vineyards to restore natural fish habitats for the coho and king salmon and the steelhead trout. Some of our practices include extra spill protection catch basins and river otter protection. While we fence off our vineyards from deer, we effectively operate a wildlife preserve on our remaining 1,000 acres, as it serves as a protected habitat for wild boars, turkeys, deer and a whole host of other local animals.



ENERGY CONSERVATION AND EFFICIENCY

At KORBEL, we have a comprehensive energy efficiency program that has improved our production and winemaking practices. For the last ten years, we have reduced our energy consumption by more than a third. For example:

- Our ponds now have a state-of-the-art underwater aeration system, eliminating huge floating aerators. A new high-speed labeler enables us to use less energy to produce the same number of bottles. High-speed doors will soon be installed in the cold room, keeping the cold air in the room to chill the champagne.
- The field heat of grapes is a top contributor to KORBEL's energy footprint. To combat this, we harvest most of our grapes at night to reduce the need for cooling grapes. We have been able to reduce our use of propane by 40% over the past ten years by maintaining control of our fermenting warehouses and office's heating.
- Solar energy installations have significantly reduced the amount of electrical power KORBEL purchases from the grid.



SUSTAINABLE AGRICULTURE

KORBEL is an agriculture-based company. We practice agricultural principles that will ensure that we are able to grow great fruit for years to come.

- Avoiding erosion practices includes using cover crops and spreading wheat and rice straw on our hillsides. The straw displaces rain runoff and helps prevent soil compaction by creating a layer between the soil and rain.
- Our integrated pest-management policies for fertilization, chemical use and irrigation have resulted in an overall reduction in chemical use. We encourage owl populations on our vineyards through nesting boxes made of recycled wood, as owls are natural predators to vineyard pests.
- The Korbels Winery is certified as an organic processor by the California Certified Organic Farmers (CCOF). Over the past three years, we have been converting 40 acres of our own grapes to be California Certified Organic Farmed. The new vineyards in front of the winery were planted using the sustainable best practices we learned from the Laughlin planting.

We are also adding more vineyards to the distribution of the plant-processed water, thus reducing fresh water from being pumped to water the vines. By switching to a wind machine, we have reduced the need to use water for frost protection. For the seventh year for our vineyards and sixth year for Korbels and Heck Cellars facilities, we have been Certified California Sustainable Winegrowers.

