

SNOQUALMIE

2010 Sustainability & Organics Report



INTRODUCTION

Nestled against the base of the Horse Heaven Hills in Prosser, Washington, Snoqualmie Winery has been making wines that reflect the balance and graceful beauty of our small-town surroundings for more than two decades.

As part of the winery's longtime commitment to maintaining and advancing the natural quality of the Northwest, winemaker Joy Andersen and her team take an active interest in the local community and environment. It is Snoqualmie's belief that taking good care of the vineyards and local environment is essential for making the best wines possible.

Snoqualmie was one of the first wineries in Washington to craft wines from the United States Department of Agriculture (USDA) certified organically grown grapes, and currently farms the largest number of certified organic wine grape vineyard acres in the state, with 378 acres currently certified organic and another 148 acres in the process of certification.

In 2007, Snoqualmie published its first Sustainable & Organic Report, which outlined the strides we've made in those areas as well as identified goals, both in the vineyards and in the winery, for the future. Since then we have published an updated report yearly to assess our progress in matters of sustainability.

In the past year Snoqualmie has made significant progress on the sustainable initiatives and goals set for the year. Highlights from the past year include great results in the winery's water and energy conservation projects, investment in higher efficiency lighting systems and cellar equipment, and a variety of successful community and industry leadership events and projects.

Enclosed you will find Snoqualmie's 2010 Sustainability & Organics Report. Note that all calculations are based on the 2009 harvest year, which ended August 31, 2010.

SUSTAINABILITY IN THE VINEYARDS

The same assets that make Washington a great place to make wine – low rainfall, ideal weather, phylloxera-free growing and few vineyard pests, and great soil – give us an advantage in our ability to implement sustainable vineyard practices relating to water and pesticide usage.

Snoqualmie's vineyard sustainability program is in place in all of the winery's vineyards and currently focuses on three main areas in which our viticulture staff continually analyzes and fine-tunes operations: pest, soil and plant, and water management.

The vineyard team is constantly looking at new and innovative techniques to apply in these key areas. Major projects this year included the planting of insectaries, comprised of wildflower mixtures planted outside the vineyard blocks, to promote habitat for beneficial insects and wildlife; increased use of natural soil fertility aids including grape pomace, and an investment in more efficient sprayers to help reduce the amount of equipment passing through the vineyard during the growing season.

PEST MANAGEMENT:

- Maintaining and expanding the registered virus-free mother block.
- Taking a leadership role in information sharing and assistance to contracted growers.
- Increasing the use of environmentally friendly pest control agents and increasing reliance on soft materials such as biodegradable soaps, oils, and plant extracts.
- New sprayers to more effectively disperse pest control agents.
- Using low-impact vehicles such as ATVs throughout the vineyards to increase fuel and work efficiency.

SOIL AND PLANT MANAGEMENT:

- Reducing soil erosion through a green cover of beneficial native grasses and cereal grains, which also provide habitat to attract beneficial insects to the vineyards.
- Increased soil fertility through the application of dairy manure compost and grape pomace recycled from winery operations.

WATER MANAGEMENT:

- Using weather stations and soil moisture-measuring probes to monitor water use and eliminate wasted water in the vineyards.
- Implementing drip irrigation systems for increased conservation and efficiency.



ORGANIC VINEYARDS

In addition to the sustainable farming practices used in all of Snoqualmie's vineyards, 378 acres are certified organically grown by the Washington State Department of Agriculture (WSDA), an accredited agent for the USDA National Organic Program (NOP). These certified organic vineyard blocks are the sources of Snoqualmie's Naked line of wines which are made from organically grown grapes.

All winery-owned certified organic vineyards are located in the Horse Heaven Hills American Viticultural Area.

- 100 acres of White Riesling were certified beginning in 2004.
- 11 acres of Cabernet Sauvignon, 100 acres of Merlot, 111 acres of Chardonnay and 56 acres of White Riesling were certified in 2006.
- An additional 148 acres of Cabernet Sauvignon, Riesling, and Syrah are currently transitioning to organic status and should be certified in 2012.

In order to be certified organic, additional, specially approved methods of pest and disease control, fertilization, and cultivation must be implemented. And, in order to maintain organic certification the winery and vineyards must undergo an annual renewal process which includes a physical inspection of the vineyards and winemaking facility.

In addition to the winery-owned certified organic vineyard acreage, Snoqualmie sources some organic grapes from certified organic vineyards in other AVAs within the Columbia Valley. Currently, the winery sources organically grown Gewürztraminer from Tagaris' Arete vineyard north of Pasco, WA, and will continue to purchase organic fruit for the Naked program selectively and as it meets Snoqualmie's specifications for quality.

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SUSTAINABILITY AT THE WINERY

Snoqualmie winemaker Joy Andersen has always believed that the best wines are made with excellent grapes and little intervention or processing. This philosophy makes Joy a natural to lead the sustainability and organics efforts at Snoqualmie.

Joy and her team are currently focused on increasing sustainable methods in five major aspects of winery operations: energy conservation, winery water conservation and quality, solid waste reduction and management, packaging, employee safety, and community and industry leadership.



ENERGY CONSERVATION:

- Electrical usage decreased 15% from the 2009 harvest year, to 0.687 KWH per gallon of wine produced.
- Decrease in usage was achieved in part through an upgrade in the winery lighting system that included replacement of existing low-efficiency lighting with modern fluorescent fixtures controlled by motion sensors.
- In the first months of use, these upgrades have resulted in a promising 40% decrease in winery electrical usage over the same period last year and will move the winery's energy efficiency level from level 2 to level 4 in the Sustainable Winery Practices Guide.
- Decrease in usage was also attributable to a reduction in compressed air leakage from compressors to wine presses through staff training, replacement of old compressors with new VFD controlled units, and the use of new leak-detecting equipment, as well as more efficient use of waste pond aeration pumps.
- Natural gas consumption increased by 10% from the last harvest year, to 4.81 therms per ton of grapes processed, due to the increased need to warm grapes prior to fermentation after a cold period during harvest in 2009.

WINERY WATER CONSERVATION AND QUALITY:

- Winery water usage decreased a dramatic 53% from the last harvest year, to 1.327 gallons of water used per gallon of wine produced. The industry suggested green standard for water usage is 2.9 gallons per gallon produced.
- Snoqualmie's water usage at the beginning of monitoring during the 2005 harvest year was 4.263 gallons per gallon produced. Having met its previous goal of 2.3 gallons used per gallon produced, the winery's new ultimate target goal is 1.0 gallons used per gallon produced.
- New and continuing conservation efforts include:
 - Implementation of a wash and rinse water re-use program for winery gray water, a goal for the year.
 - Use of heat exchangers on unjacketed tanks decreased need for water to warm fermenters.
 - 97% of all primary and secondary fermentation in 2009 was done in tanks with closed system jackets to heat or cool without using water.
 - Employee education on water conservation during performance of job duties.
 - Use of new, water-conserving nozzles on all hoses.
 - Storage of operational waste water in on-site retention pools, which naturally evaporate throughout the year.
 - Maintenance of water-efficient landscaping on winery grounds.
 - We continue to look for ways to reduce winery water usage and meet our long-term goal, including reduction of landscape irrigation water.



SOLID WASTE REDUCTION AND MANAGEMENT:

- The amount of solid waste produced by the winery was reduced 14.9% from the last harvest year, to 0.13 cubic yards per ton produced. Winery waste services costs were reduced by \$1400 despite a rate increase.
- Reduction efforts included:
 - Further expansion of the winery recycling program to include paper, cardboard, cork, and glass of all colors in conjunction with establishing a multi-winery cooperative effort to deliver glass directly to the recycling plant. Aluminum waste products are also recycled.
 - Continued efforts to produce all marketing and packaging materials in partnership with environmentally-friendly vendors using recycled paper and, in some cases, vegetable-based inks. Preference is also given to local and regional vendors to reduce transportation needs and thus our ecological footprint.
 - Recycling grape pomace left over from winemaking processes for use as fertilizer and livestock feed.

PACKAGING:

- Forest Stewardship Council (FSC)-approved corks are used on all Naked wines as well as the extremely limited production True Organic wines available at the winery.
- 100% post-consumer waste labels are used on the Nearly Naked and True Organic bottles.
- Shipping boxes for the Naked and True Organic wines are certified by the Sustainable Forestry Initiative (SFI) for responsibly sourced paper products, and dividers are made from 100% recycled material.
- Recycled content makes up over 40% of all Snoqualmie glass, and the winery plans to transition some Naked and Organic wines to Verallia's ECO glass bottles, created in an environmentally friendly manner with reduced carbon emissions, in the next year.

EMPLOYEE SAFETY:

- Snoqualmie is very proud of its first-class employee safety programs in both the winery and vineyard. Program components include: workers right-to-know, safety training, materials handling, prevention planning, and safety inspections. All of these components foster a sustainable, safe work environment.



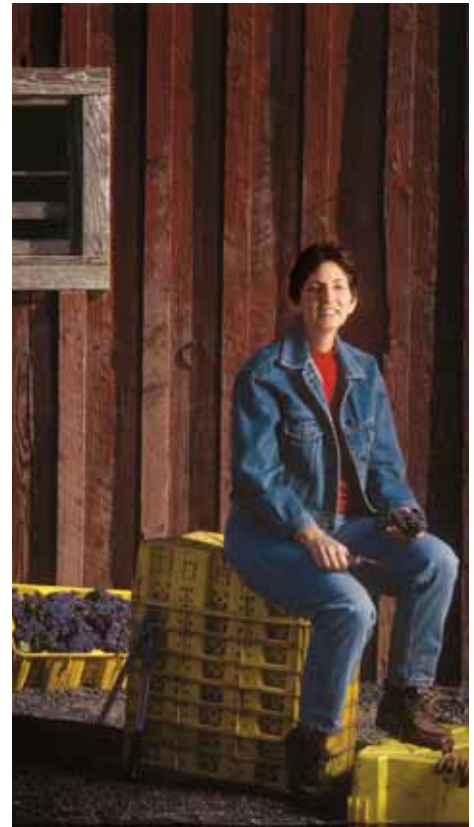
COMMUNITY AND INDUSTRY LEADERSHIP:

- Snoqualmie continues to host an annual Greener Living and Harvest Celebration featuring local sustainable and organic vendors, organic food and wine pairings, and interactive demonstrations of tips for greener living. This free community event has been held since 2008 and attracts several hundred consumers and neighbors to the winery.
- Snoqualmie winemaker Joy Andersen has taken a leadership role in the creation of "Winery Wise," an industry guide for Washington state wineries that outlines sustainable winery practices and offers a self-assessment checklist for wineries seeking to become more sustainable. The project is currently scheduled to launch in 2011.
- Andersen is also part of a University of Washington group working on the creation of a winery safety manual, to be used throughout the industry, through a grant from the Washington Department of Labor and Industries.
- Snoqualmie will sponsor a workshop on compressed air energy efficiency at the annual Washington Associate of Wine Grape Growers (WAWGG) meeting in February 2011.

ORGANICS AT THE WINERY

In order to be certified organic, additional, specially approved methods of production must be implemented at the winery facility. In order to maintain organic certification, the winery must undergo an annual renewal process which includes a physical inspection of the winemaking facility. Snoqualmie winery has been certified organic by the USDA since 2004.

In addition to our USDA certification as a certified organic winemaking facility, in May 2009, Snoqualmie winery became Certified Processors through the Washington State Department of Agriculture's (WSDA) International Organic Program. This means that the WSDA has verified that our facility complies with European Union, IFOAM, and Canadian organic standards and thus allows for the export of Snoqualmie Naked wines into most countries.





GOALS FOR 2011

Sustainability is not a process that happens overnight. Rather, a commitment to sustainability involves continual re-assessment and implementation of new ideas in an ongoing quest to ensure the quality and availability of our natural resources for generations to come.

Snoqualmie continues to further our sustainable and organic practices in a variety of ways. Future goals for our viticulture and winemaking teams include:

- Continued certification of additional organic acreage to support Snoqualmie's Naked wine program including possible addition of Sauvignon Blanc to the Naked program.
- Continue to work to broaden our recycling program, including a glass recycling trial in conjunction with other local wineries to establish co-op style recycling option for local wine glass.
- Continue to work at reaching our water use goal.
- Reduction of partition material in shipping boxes by 15% through reduction of the base weight of the material.
- Mentor other Ste. Michelle Wine Estates wineries working to improve their water management practices.
- Implement additional energy reduction strategies.
- Launch Winery Wise, the sustainability guide and self-assessment checklist for Washington state wineries.
- Completion of winery safety manual in conjunction with University of Washington and Washington Department of Labor and Industries.