
MONTANYA DISTILLERS

2020
IMPACT
REPORT



Crested Butte, CO

YEAR OF THE PIROUETTE

Prioritizing Values During Uncertainty

2020 was a year for the history books. Faced with a global pandemic and witness to civil unrest after the killing of an unarmed Black man, George Floyd, we navigated the same uncertainties felt around the world.

Steering the company's growth during this time required creativity, persistence and a key question, asked almost daily:

During times of challenge, how does a company maintain its commitment to its values?

The answer we found—again and again—was to use them as a compass.

With every pirouette (a more apt term, we think, than pivot), they guided our next steps.

This took us in new and unexpected directions. We reevaluated goals and set new ones. We stepped into our community not only as a values-driven company, but one ready and able to be an ally to our family, friends and employees of color.

We won't mind if 2021 has fewer surprises in store, but we're grateful for what we've accomplished and the road ahead.

*Karen Hoskin, Founder & Owner
Montanya Distillers*



ENVIRONMENTAL FOOTPRINT

2020 saw Montanya's sustainability goals evolve as a result of new insights, the global pandemic, and growth within the company.

Challenges:

- Systemic challenges in plastic recycling present a significant obstacle to truly going zero-waste, which was a 2020 goal.
- The global pandemic incentivized the use of more single-use waste for takeout.
- Growth within the company, both in production and through a physical expansion of the Distillery/Distribution Center, made it important to continually reevaluate and monitor impacts.

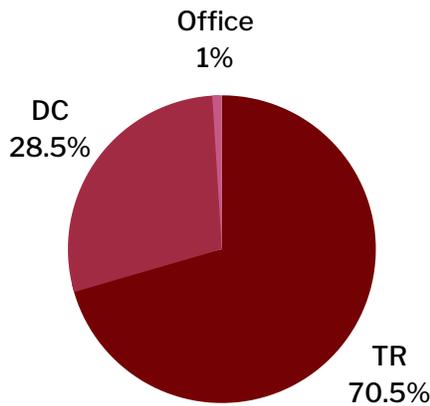
Opportunities:

- We discovered a partner to help us reduce plastic waste and mitigate its impact.
- The global pandemic created needs within our community that also helped us manage our environmental footprint.
- Expansion gave us the chance to identify and lay the foundation for new environmental practices.



GOING PLASTIC NEUTRAL

Montanya partnered with rePurpose Global to become certified Plastic Neutral. After calculating company-wide plastic use, we pay annual fees that will be used to fund the collection, processing and reuse of nature-bound plastic waste. This allows us to have a Net Zero Plastic Footprint, and we've gained a partner to help us reduce future plastic use.



Plastic Use by Weight and Offset Calculations:

Facility:	Weight (lbs):	Fee (\$):
Tasting Room (TR):	1,213.6 lbs.	303.39
Dist. Center (DC):	490.8lbs	122.7
Office:	15.6 lbs	3.90

MAKING SURFACE SANITIZER

When the Global Pandemic created a local need for surface sanitizer, Montanya made and donated more than 150 gallons of anti-viral surface sanitizer to the Gunnison County Incident Command Team. From there, it was shared with local healthcare and first responder organizations. This process used a byproduct of distilling that we otherwise have to dispose of, and was enabled in part by changes to federal regulations and taxes.



NEW INFRASTRUCTURE

Growth within the company required expanding the Distribution Center and Distillery in an existing facility (no new construction). New equipment purchased as part of that process will enhance sustainability practices in the company:

- A biodigester will process organic waste, replacing our former composter who let go of all commercial clients.
- A condensate and heat recovery system between the new still (right) and the steam boiler will allow for heat recovery and reduce the energy needed to heat water.
- Improved process to capture/recycle plastic.



New still (top); Biodigester (bottom).

ADDITIONAL ACCOMPLISHMENTS IN 2020

- Piloted a sustainability manager position and gained insights to help manage future sustainability efforts.
- Partnered with Zero Waste Recycling and Removal to repurpose unusable wood pallets into wood stoves pellets.
- Donated eight 250-gallon plastic tubs to the Navajo Nation for water storage.
- Started partnering with Mahoney Environmental to recycle cooking oil.



Bear-proof canister for collecting cooking oil.

ADDITIONAL ACCOMPLISHMENTS IN 2020

- Upgraded the post-consumer waste in printed marketing materials (now 100% recycled, 30% PCW)
- Implemented a new system to reuse case boxes and postcards/shelf talkers from the Tasting Room at the Distribution Center
- Became a member of Colorado's Environmental Leadership Program at the Bronze level, with the opportunity to become more involved over time

CHALLENGES IDENTIFIED IN 2020

Reevaluating Zero Waste

After achieving a 75% reduction in landfill-bound waste, Montanya reevaluated the company goal of being zero-waste by 2020. This came in large part due to the recognition of limitations systemic to recycling (only 9% of plastic is actually recycled). While that has not changed our commitment to reducing and eliminating waste, we shifted our focus to going plastic neutral and other efforts.



Increased Demand for Single-Use Trash

In response to the global pandemic, Montanya started offering more takeout, as well as cocktail kits and pre-made cocktails to go. This requires more packaging, which has resulted in every effort to use recyclable and reusable items, as well as allowing customers to return reusable items to Montanya for reuse.

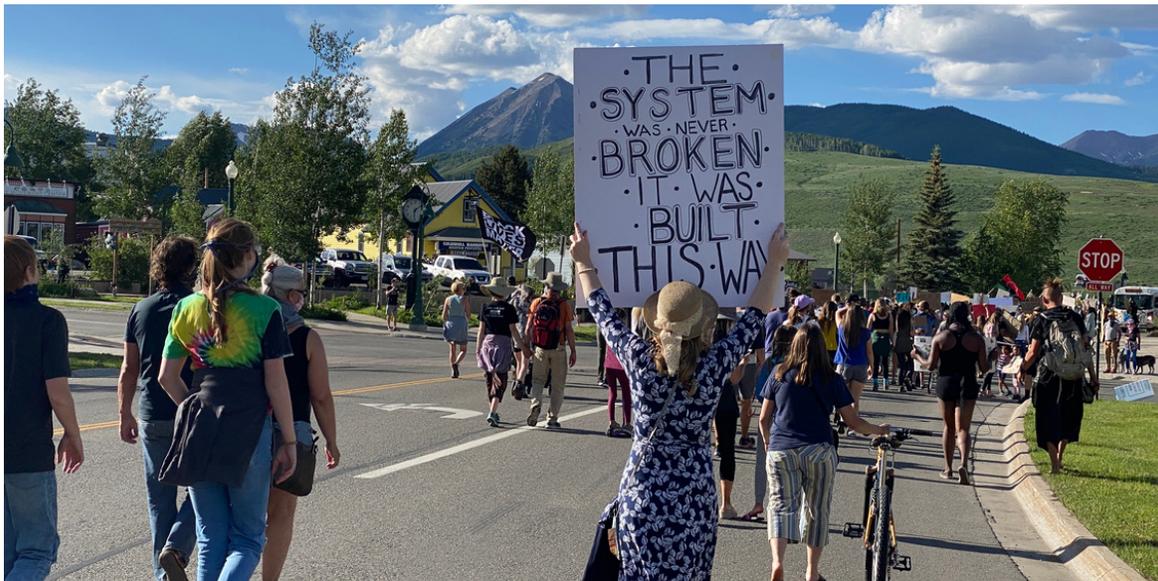
For a list of our ongoing environmental practices see Appendix A on page 17.

COMMUNITY STEWARDSHIP

2020 efforts to support the community focused on helping our nonprofit partners take important annual events online, and joining the local JEDI (Justice, Diversity, Equity and Inclusion) and BLM (Black Lives Matter) movements.

Challenges:

- The breadth and depth of systemic racism came to the forefront of the national conversation in response to national events, and reached our community.
- Many of the nonprofit organizations we support had to reach their audiences virtually rather than through traditional in-person channels.



Opportunities:

- Make a more public stand in support of JEDI and BLM.
 - Support local activists in their BLM movement and help guide local JEDI discussions and change.
 - Help our nonprofit partners transition into the virtual environment and reach their audiences effectively.
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MAKING A PUBLIC STAND

While Montanya has always supported diversity and racial equality, we took a more public stand in response to the killing of George Floyd in May. Karen made a public statement, we made our support easy to see at the Tasting Room and online via the website and social media. We also participated in an ad boycott protesting Facebook's hands-off policy toward content that is factually inaccurate, inflammatory, or promotes violence. The unspent ad funds went to support BLM causes.

\$555

COLIN KAEPERNICK FOUNDATION

\$350

ACLU FOUNDATION OF COLORADO

\$350

THE LOVELAND FOUNDATION

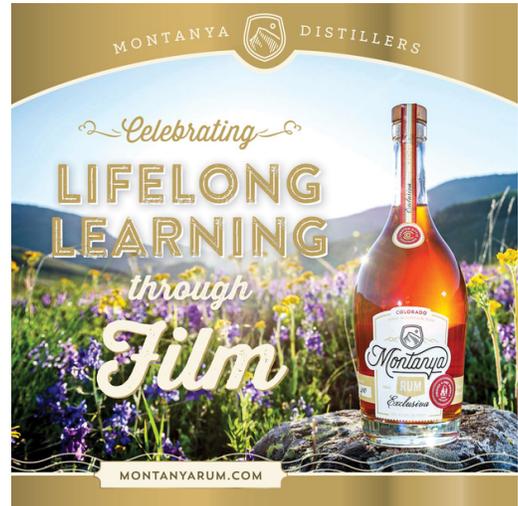
EMBRACING ACTIVISM AS A COMPANY



- Supported the development of the local BLM group, Mountain Melanin Project, by hosting a fundraiser and providing meeting space and mentorship for planning.
- Worked with a coalition of businesses and town government to establish a BLM Community Coalition to work on local JEDI issues.
- Joined in local efforts to have a BLM mural painted on the town's main street.

HELPING OUR PARTNERS GO ONLINE

- As part of our annual sponsorship of the Crested Butte Film Festival, we sponsored and hosted a virtual red carpet party using an innovative online event platform, REMO, that allowed for mingling and presentations. It created the opportunity for genuine connection during a time of social distance.
- Helped Crested Butte Nordic take its annual meeting online using the same platform, also as part of our annual sponsorship.



ADDITIONAL ACCOMPLISHMENTS IN 2020

- Founder/owner sat on advisory board to guide the establishment of The Spirit Hub Independent Distillery Preservation Fund to help independent distilleries impacted by the Pandemic.
- Founder/owner helped develop restaurant and manufacturing response plans to Covid and mentored 27 local businesses through the process of applying for federal aid.
- Hired a part-time JEDI coordinator to help shape JEDI policies internally at Montanya and support community BLM work.
- Two staff positions (Founder and HR Director) sit on subcommittees of the local BLM Community Coalition.



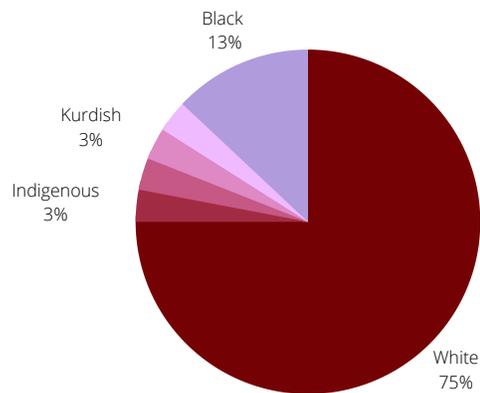
Karen and members of the local BLM movement celebrate the BLM street mural.

COMPANY DIVERSITY

Our goal is always to introduce and maintain gender and ethnic diversity throughout the company, and to outperform our community demographics. The following is a snapshot of diversity at Montanya, as of December 2020:

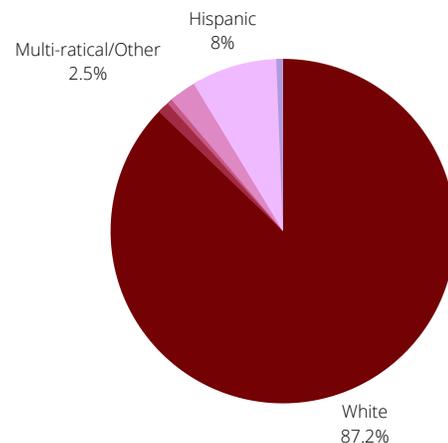
Ethnic Diversity At Montanya:

Black:	13%
Indigenous:	3%
Asian:	3%
Kurdish:	3%
Hispanic:	3%
White:	75%



Ethnic Diversity in Gunnison County:

Black:	.62%
Indigenous:	1.11%
Asian:	.5%
Multi-Racial:	2.11%
Hispanic:	8.04%
Other:	.42%
White:	87.2%



County data from Data USA

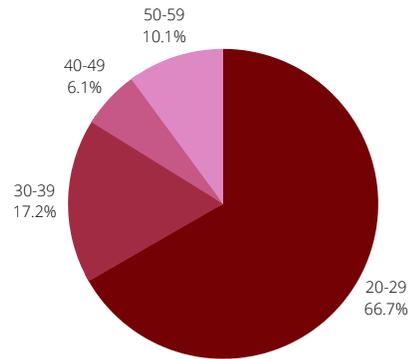
LGBTQ and Gender at Montanya:

10%
LGBTQ/QUEER/
GENDER NON-CONFORMING

70%
FEMALE

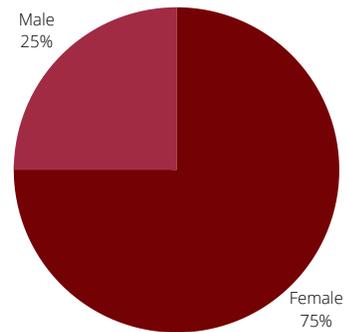
Age at Montanya

20-29:	66.7%
30-39:	17.2%
40-49:	6.1%
50-59:	10.1%



Gender in Management

Female:	75%
Male:	25%
Non-conforming:	0%



Diversity in Management

8.3%
LGBTQ

16.7%
BIPOC

EMPLOYMENT PRACTICES

Early during the pandemic, our founder and owner set a goal to keep everyone on payroll during the spring shutdown of the Tasting Room. We also accelerated plans to improve internal communications and identified new ways to support staff throughout the uncertainty.

Challenges:

- The global pandemic shut down the Tasting Room from mid-March until June 10, with limited takeout starting late spring. The Tasting Room generally employs just over 50% of our staff.
- The pandemic also put the physical and mental health of our employees at risk.

Opportunities:

- Federal aid made it possible to keep our staff on payroll despite loss of income.
- We had plans in the works to improve employee communications.
- A newly expanded benefits structure allowed us to provide better access to helathcare.



KEEPING STAFF ON PAYROLL

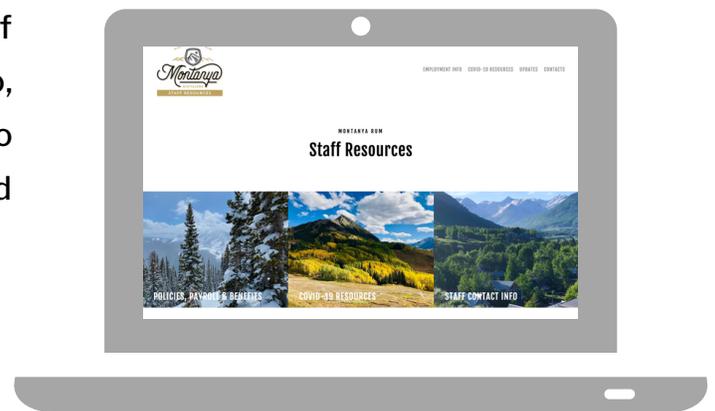
Using reserves, the Payroll Protection Program and an EIDL loan, Montanya was able to keep 34 employees on payroll throughout the pandemic. These employees were paid regardless of their ability to work (the spring shutdown affected all Tasting Room positions). In addition, we leveraged internal funds to help replace lost tips for staff whose service shifts were cut.

IMPROVED EMPLOYEE COMMUNICATIONS

Prior to the pandemic, we conducted a communications survey to assess how people prefer to receive communications, and implemented a regular Management Team Meeting to coordinate business across all areas of the company: Distillery and Distribution Center; Tasting Room; and Business Administration.

Following the shutdown, we had a mix of employees able to work and unable to do so, according to state and county guidelines. To keep everyone informed we implemented the following:

- A staff website
- Weekly emails to staff
- A weekly zoom meeting



Following the shutdown, we have continued the use of the website and the weekly email, as well as monthly Management Team meetings. We were also able to host our annual staff retreat in Crested Butte in November 2020 with social distancing, masks and other protocols in place. We saw an almost 80% participation rate with 30 people participating—a record for the company's 12-year history.

EXPANDED BENEFITS

In January of 2020, an expanded benefits package went into effect for full time staff, including health insurance, dental insurance, and life insurance. In April, we reinstated Aflac benefits for all staff, including access to telemedicine and optional riders.

In response to the pandemic, Montanya also offered to reimburse employees for telemedicine and teletherapy sessions, at a rate of \$25 for telemedicine, \$195 for initial therapy visits, and \$95 followup therapy appointments until December 31, 2020. Five employees took advantage of the mental health reimbursement, and three took advantage of the telemedicine reimbursement.

ADDITIONAL ACCOMPLISHMENTS IN 2020

- Undertook a significant revision of the employee manual.
- Added a multi-purpose accommodation room for staff use.
- Conducted a staff survey at the company retreat to assess staff satisfaction, improvements to communication and desired resources for job performance.
- Have begun a process of revising job descriptions and implementing goals/reviews processes.



LOOKING AHEAD

With projected growth and continued uncertainty related to the pandemic, we have no doubt 2021 has more surprises in store. We feel confident, however, that we can build on the learnings and insights of 2020 and have our sights set on the following in 2021:

ENVIRONMENTAL SUSTAINABILITY

- We intend to re-certify as a B Corp in 2021, and will also assess further participation in the State's Environmental Leadership Program.
- As we bring the expanded Distribution Center and Distillery into full operation, we will be implementing new systems to manage and reduce our environmental impact.
- We are considering working with an Environmental Studies intern to help develop and implement more sophisticated tracking systems to help manage our footprint.

COMMUNITY STEWARDSHIP AND ACTIVISM

- Continue staff involvement in local community-wide JEDI conversations and initiatives.
 - A member of the management team will sit on the board of directors for the local Center for the Arts to aid their efforts to evolve programming, better support the local community, and implement better JEDI policies and practices.
 - Continue support of existing relationships with key community organizations, including Crested Butte Nordic and the Crested Butte Film Festival.
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EMPLOYMENT PRACTICES

- Implement a more formal process for evaluating job descriptions, setting goals, and facilitating feedback among employees and with the management team. Includes the rollout of a new communication platform, Paylocity.
- Roll out a JEDI training program for staff.
- Implement a professional development plan.



ONGOING ENVIRONMENTAL PRACTICES

A detailed list of Montanya's environmental sustainability practices and policies:

American Made

First and foremost, Montanya rums will always be made on-shore in the USA from USA grown, non-GMO sugar cane. We do not intend to outsource any part of the rum-making process or any jobs overseas, even as we grow. Every step happens in our own facility, and if the circumstance of growth ever lead us to collaborate with another distiller, we will be transparent and disclose our partnerships. We will never source rum without our customers being fully aware and it being reflected on our package.

Energy Use and Carbon Offsets

- Our distillery, barrel room, warehouse, and tasting room are 100% wind powered.
 - We work with Terrapass to offset carbon production from our natural gas fired stills, airline travel, freight shipping, Amazon shipments, restaurant supply deliveries, vehicle driving, and other mail-order. These fees support programs that plant trees, install photo voltaic solar grids and innovate other renewable froms of energy, including the capture of methane from landfills (all in the USA).
 - We heat our Distillery and Tasting Room in Crested Butte using recycled heat produced by our stills.
 - We do not need to use chillers on our fermentations like most rum distillers. The tap water temperature in our distillery is cool enough to run through copper coils and provide any cooling ever needed.
 - For our European markets, we ship rum in bulk whenever we can. This allows us to avoid the carbon footprint of shipping empty bottles made in the EU over to Colorado, only to fill them here and ship them back overseas. We share our commercial kitchen with other makers of local products like Fireweed Ferments.
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ONGOING ENVIRONMENTAL PRACTICES

Energy Use and Carbon Offsets Continued

- We use a solar wall for our barrel room. This wall is south facing and gathers heat during sunny days (most days in CB) which warms the barrels and opens the pores of the oak. At night, we don't heat our aging facility because we prefer to fluctuate the temperatures naturally to shrink the barrel pores and keep the rum moving kinetically within the barrel. This is a catalyst to the aging process. The more the temperature fluctuates, the faster our rum ages and the more flavorful it becomes.

Waste, Recycling and Reuse

- We have achieved a 75% reduction in the landfill-bound waste leaving our facility (we had hoped to be zero-waste by 2020, but have had to reevaluate that goal, as described on page 3 - 4.)
 - We recycle plastic film. Because we live in a rural area, our municipal recycling program doesn't take plastic film so we had to develop a solution of our own. We were able to connect with Trex, and our plastic film recycling goes directly to them through a 3rd party partner to be recycled into beautiful decking.
 - We completely avoid plastic in our packaging.
 - We have eliminated disposable straws and throw away cups at our Tasting Room and all of our events.
 - We travel with reusable glass in kits to our events within driving distance.
 - We purposefully choose to support zero-waste events such as Telluride Mountainfilm and The Crested Butte Arts Festival when we choose events to support.
 - We host zero-waste Montanya Rum brand education events around the country. We always create zero-waste events, including the lunches we bring in for bartenders and sales reps. One example of such a partner is in San Francisco, where our lunches are delivered by bike messenger from Green Tiffin: 100% waste free (no disposable plates, cutlery, napkins, serving trays, or cups).
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ONGOING ENVIRONMENTAL PRACTICES

Waste, Recycling and Reuse Continued

- We use 100% recycled cocktail napkins and paper bags in our Tasting Room.
 - We minimize our printed (aka throw away) materials compared to most liquor companies, and we print on recycled stocks using soy inks from a sustainable printing company, Greenerprinter. Our labels and case boxes are printed on FSC Certified paper.
 - We use a synthetic cork with a wood top rather than a plastic top. We feel that natural corks only come from Portugal, which we believe has a much higher carbon footprint than our synthetic corks from Tapi USA, which are made in the US. These Tapi corks are made by dehydrating ethanol (alcohol) made from sugar cane rather than from petroleum.
 - We source merchandise for our Tasting Room and website from companies that share our commitment to environmental sustainability and social responsibility. All Made emphasizes fair labor practices, uses polyester made from recycled plastic bottles, and invests in the communities where it manufactures among other practices. Alternative Apparel uses recycled, upcycled, and organic cotton. Thread Fast dyes its apparel with 70% less water, 65% less energy and almost no chemicals. We also source from Econscious, Burnside and Next Level
 - We provide reusable shopping bags from DiscountMugs and 100% recycled paper bags for the rum purchases made at our Tasting Room. We never use single-use plastic bags at Montanya and we supported the local ban on single use plastic with cash donations and by hosting the events of this coalition.
 - Our bottle supplier (Owens Illinois or O-I) is the first beverage packaging company to be certified Cradle to Cradle for its environmentally responsible production methods of the glass we use to package our rum.
 - We are committed to adaptive reuse of historic buildings. In our ten-year history, we have renovated and brought back to life two historic buildings to accommodate our distillery, one in Silverton, CO and one in Crested Butte, CO.
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Sugar Cane Sourcing

- By purchasing sugarcane from Lula Sugar Mill before refining occurs, we use a raw ingredient that requires much less energy to produce. The cane retains more of its natural flavors, keeps the complex molecules that we want, and is not exposed to sulfur dioxide, calcium hydroxide (slaked lime), or phosphoric acid like sugar cane from the refinery. It is also American-grown and non-GMO.
- Lula is 100% Biomass powered, generating all of its electricity and boiler-firing heat from sugar cane remnants called bagasse. They also return the water their mill uses back to the stream flow cleaner than it was when they brought it in.

Third-Party Certifications

- In October, 2018, Montanya Distillers became the first craft distillery in Colorado and the third in the world to be certified as a B-Corp, which validates in a rigorous way all of our claims to be an environmentally responsible and socially sustainable company.
- Montanya Distillers is a Certified Green Business, which means our company is values-driven, socially-equitable, accountable with radical transparency, and environmentally responsible in sourcing, manufacturing, marketing, and daily operations. Customers can feel confident that businesses with this certification operate in ways that support workers and communities, and protect the environment.

ONGOING ENVIRONMENTAL PRACTICES

People and Community

- Our employees are paid higher than average wages, with paid vacation and health benefits for full timers, ski pass subsidies, and professional training opportunities.
 - We participate financially in organizations that support open space preservation (1% for Open Space) and dedication of wilderness areas (HCCA) in western Colorado.
 - We are very philanthropically involved with many non-profit organizations in our communities through in-kind and cash donations. These organizations grow local foods for our school district (Mountain Roots Food Project); provide sexual assault prevention; music/arts/film festivals; education and support for breast cancer victims and survivors; and Crested Butte's world-class nordic system and nordic programs for kids (Crested Butte Nordic). This is just a short list.
 - We back up our equal opportunity policy as a company with real hires of qualified minorities and women (a minority in the distilling industry), outpacing the demographics of our community to reflect the diversity of our country.
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