Building a Sustainable Future

Second Edition

NewAge Industries and Our Commitment to Social, Environmental and Economic Sustainability
Welcome to NewAge Industries’ Second Sustainability Report

Our sustainability practices have evolved since our first report, published in 2013, but our commitment to our environment and renewable energy sources remains strong. When the company was founded in 1954, we recognized that within our everyday business practices, we needed to incorporate responsibility toward our customers, our employees, our community and our world. Over time these values have become a fundamental part of our organization.

As a manufacturer of plastic and rubber tubing, molded Single-Use tubing products and asset tracking solutions, we understand how our products impact clients. Our AdvantaPure™ high purity items support life-saving biopharm and pharmaceutical discovery and production. Medical and surgical device manufacturers rely on RFID systems from our Verigenics® group. Our tubing and hose products are an integral part of processing numerous foods, beverages, other liquids and gases.

As a critical part of our customers’ supply chains, we work hard to ensure that needs are met while working toward responsible and sustainable outcomes for safety, product quality and the sharing of sustainability practices. We do this by focusing on conscious, shared, sustainable capitalism.

A key aspect of our sustainability and corporate social responsibility was the addition of a renewable energy source at our plant. In 2011 NewAge installed a rooftop solar array that generates one megawatt of electricity annually, allowing a good portion of our energy needs to be produced cleanly and sustainably.

We are proud of our successes and encourage other companies to join us in business practices that help build and sustain future generations.

Ken Baker, CEO
Our Sustainability Initiatives

NewAge is committed to minimizing the environmental impact of our operations. We’ve launched several programs to reduce energy usage, rely on renewable energy sources and minimize waste.

These highlights illustrate our sustainability efforts so far, but we are determined to find new and innovative ways to ensure that our company is environmentally sound and a good corporate neighbor.

Zero Landfill

- One of NewAge’s most recent initiatives involves our commitment to be a zero landfill organization. Trash that is not recyclable is transported to a nearby energy-from-waste, or EfW, facility. There, metals are removed from the waste and recycled, and the remaining trash is burned for energy recovery in the form of steam and electricity.

EV Charging Station

- A Level 2 electric vehicle charging station was installed in 2017 as part of a major building renovation. The station can charge two cars simultaneously, and more stations will be added as needed.
Building Improvements

- We converted our warehouse and manufacturing facility lighting to T8 fluorescent, which uses one-third the energy of conventional lighting. This lighting is also brighter.
- A “cool roof” was installed to prepare for our solar panel system and reduce energy usage. The white roof added two inches of solid insulation and reflects light and heat to reduce air conditioning usage.
- All windows were replaced with energy-efficient, tinted styles that feature two thermal barriers to reduce heating and cooling energy waste.
- Screens were fitted to all warehouse dock doors to allow natural ventilation without debris and insects entering the building. As a result, exhaust fans on the roof run less often, saving energy.
- Electrical system upgrades included a new bank of capacitors and a new high voltage transformer to use electricity more efficiently.
- High efficiency electric motors in our manufacturing areas and in the building’s air conditioning units improve function and save energy.
- Following an energy audit by an outside company, power correction modules were added to all major pieces of manufacturing process and support equipment. These additions successfully reduced energy consumption and improved equipment efficiency.
- On-demand generators, installed in 2015, automatically power on to bring electricity to our office areas during a power outage. This helps the company continue to run when electrical service is interrupted.
LED lighting is now used in all building expansion areas, including conference rooms and new clean room manufacturing areas that became **operational in 2018**.

- Equipment **installed in 2017** for new Class 7 and 8 clean rooms includes high efficiency motors on chillers, air compressors, air handlers, pumps and other machinery.
- Highly efficiency T5 lighting, also **installed in 2017**, is used in a new warehouse area. It provides high lumens (brightness) in a compact bulb.

**Reduce, Reuse, Recycle!**

- Company-wide recycling of cardboard, plastic, glass, paper and batteries reduces our amount of waste. Team members are encouraged to bring in recyclable waste from home that is not handled by their municipalities.
- An industrial trash compactor reduces non-recyclable trash volume.
- **Added in 2016**, a cardboard compactor diminishes the volume of unusable boxes and other cardboard into compact bundles, ready for pick-up and recycling; two tons of cardboard is recycled monthly.
- Manufacturing operation changes decreased water usage by nearly fifty percent.
- Two tons of outdated computers, monitors and printers were properly recycled by a specialist in computer-related waste. Team members were encouraged to bring in their own electronics-related waste for proper recycling.
- Aluminum water bottles were given to every team member to decrease plastic water bottle use.

**NewAge’s Solar Project: A Bright Idea**

NewAge Industries’ solar energy system reflects our commitment to renewable energy. It generates a good portion of our annual electricity needs and allows us to be
environmentally responsible, protect the local ecosystem, reduce our energy costs and improve profitability. System highlights include:

- The generation of 1.25 megawatts of power per year
- 4,082 roof-mounted solar panels made it the sixth-largest solar array in Pennsylvania and the largest roof-mounted system in Bucks County when installed
- The system cost $4.2 million with one-half paid by NewAge and one-half from federal and state sustainability grants
- All major components (panels, inverters, racking systems) were made in the United States as stipulated during the contractor bidding process
- Installation took approximately five months
- The system was powered up in May 2011
- Designer and general contractor: Borrego Solar Systems

NewAge is proud to have been awarded PennFuture's "Green Power: Make It" award in October 2011.
4,082 solar panels installed on the roof of NewAge Industries’ corporate headquarters generate a large portion of the company’s electricity needs. When installed it was the largest rooftop solar array in Bucks County and the sixth largest in Pennsylvania.
It takes a lot of energy to operate our manufacturing facility and corporate headquarters – over two megawatts per year. There’s production machinery, lighting, computers, and a host of other energy-consuming equipment. Deciding to embrace solar energy allows NewAge to:

- Be a leader in clean, renewal energy
- Set an example of a company that can be progressive, successful and green
- Help our local community and environment
- Save on our electricity expenses
Our Sustainability by the Numbers

Any company can say it’s green, but hard facts are needed to prove it. NewAge’s team members put many hours into researching and implementing our sustainability projects and it shows.

• NewAge’s manufacturing operations uses approximately three million lbs. of plastic and silicone material a year. Material that is processed but unsellable as tubing – namely tubing run during extrusion start-ups when proper sizing is underway – is called scrap. Most plastic scrap is reground and returned to the manufacturing process. A small percentage is sold to recyclers for other uses; virtually nothing is disposed of as trash. Previously, NewAge was unable to repurpose silicone scrap, but that is no longer the case. A recycler now grinds this material for other industrial uses.

• Two reach trucks run on AC technology rather than DC. AC technology delivers extended battery life per battery charge and up to 20% more battery life. This means that the same amount of battery charge (and electricity usage) can last up to 20% longer. AC motors also have a 10% higher operating efficiency than DC motors. In other words, we now move more product with less electricity. Five other reach trucks and forklifts were converted to battery power from propane, which has eliminated propane emissions in the warehouse.

Battery-powered forklifts save electricity and eliminate propane emissions.
• We no longer produce 50,000 copies of a large, all-inclusive product catalog, thus saving the energy and paper used to print it. Most product information is shared electronically, and printed versions are produced in-house on an as-needed basis.

• Water usage has been cut in half thanks in part to changes in NewAge’s manufacturing processes.

• Twenty-four tons of cardboard waste, mainly of the form of boxes that are no longer unusable, is recycled each year. That’s two tons every month.

• Kilowatt hours saved thanks to the solar panel array total over 7 million from May 2011 through December 2016. It has a value of $670,000 and is equivalent to 10.9 million pounds of CO$_2$.

NewAge recycles 24 tons of cardboard waste annually
Experience has shown that companies featuring Employee Stock Ownership Plans (ESOPs) can gain a competitive advantage through superior customer service. Advantages of NewAge’s employee-owned status include:

- **Better employee retention**, including those with experience and expertise in AdvantaPure’s high purity hose, tubing and Single-Use systems and in Verigenics’ RFID technology.
- **More continuity**: Customers know that key people are in place long-term and best practices will remain in effect. Sales Team Members have been with NewAge an average of over 6-1/2 years, and 22% of the entire staff has been with the company more than 10 years.; 40% of team members have been employed by the company for more than 5 years.*
- **Dedicated**: NewAge will not be sold to a competitor.
- **Pride of ownership** helps employees commit to success while sharing rewards and risks.

*As of this printing

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**ESOP**

Employee Owned for Your Benefit

**49% employee owned**
Our Sustainability in Action

Ensuring that we are a sustainable organization that demonstrates responsibility toward our customers and our environment is a full-time task and an ongoing, everyday commitment. Along with being an ESOP company, sustainability has become part of who we are.

Creating a great work environment for team members – including safe conditions and being treated with respect – is not only crucial for achieving sustainability but also enables us to better serve our customers. This is validated by our consistent growth over the years and by the fact that over a quarter of our employees have been with the company for ten years or longer.

Everyone, customers and team members alike, benefits from our company’s success, and everyone is invested in creating and maintaining a working environment that includes the sharing of knowledge and interests within our diverse group. In addition to the United States, NewAge currently employs people originating from Cambodia, Greece, India, Indonesia, Pakistan, Peru, the Philippines, Russia, Taiwan, Thailand and Vietnam.

Here we share a few examples of initiatives that show how well conscious, shared, sustainable capitalism can coexist with other activities.

Wellness Committee

The Wellness Committee, comprised of employees from a wide variety of job descriptions, is focused on maximizing employee health and fitness to minimize the need for health care treatment. It’s an outstanding example of how everyone shares responsibility for promoting well-being.
Wellness Committee activities include:

- Vegetarian dish cook-offs with prizes awarded for favorites
- Free onsite chair massages and meditation classes
- Tips on fitness and stress management
- Books and DVDs about the importance of diet and nutrition for good health given to all team members
- Shared recipes on healthy cooking
- Reimbursement of gym memberships and fitness classes
- A summer weight loss challenge

Cambodian School Computer Project

When team members receive new laptops, the older machines are refurbished and donated to the Caramanico School in northern Cambodia. The school, founded by Anne and Thomas Caramanico and located in rural Ratanakiri province, had only one computer powered by a single solar panel. NewAge provided funding for several solar panels to power the laptops and lights in the school.
Safety Committee

NewAge’s employee-based Safety Committee is involved in developing security protocols, scheduling and performing training for equipment (such as forklifts), and fire prevention training, including a course dealing with potential problems of the solar energy system. The committee also arranges annual onsite training involving first aid, blood borne diseases and AED’s (Automated External Defibrillators) for the company’s first responders team.

Partners in Education Program

NewAge Industries works with a local educational organization, Partners in Education, that matches area businesses with local high schools. Ken Baker, the company’s CEO, truly believes that today’s students are tomorrow’s leaders and is personally involved with the program. Ken visits the business classes of area high schools to speak on topics ranging from business ethics to career development and interviewing skills. NewAge also hosts teachers and students at the company’s offices where they can learn about educational requirements, in-demand skills, intern opportunities, and the complexities and rewards of operating a business. In these ways, Partners in Education helps bring the real business world into the classroom.

Green Committee

The Green Committee helps reinforce the reduce-reuse-recycle concept to team members and looks for more ways to help NewAge’s sustainability initiatives. The committee has set up an alkaline battery recycling program, encourages proper e-waste recycling, collects used ink and toner cartridges for recycling, and has helped green NewAge’s outdoor space with additional trees, shrubs, and outdoor seating for lunch and breaks.
We are proud to be an active partner in the U.S. Marine Corps Reserves’ Toys for Tots program. The primary goal of the Toys for Tots collection and distribution program is to deliver a holiday message of hope to youngsters that will motivate them to grow into responsible, productive, patriotic citizens and community leaders.

Helping Hands

NewAge’s Helping Hands Committee gives our team members the chance to demonstrate their sense of social responsibility by giving back to their community. Projects include clothing collections, food drives, and during the holiday season, team members contribute to Toys for Tots, in the form of gifts and time, to help underprivileged families and children in our area.

NewAge also contributes financially to over 25 local and national charities, and a few years ago presented an additional Helping Hands initiative to team members. Each team member was given the opportunity to donate $500 to a charity of his or her choice. The project was entirely funded by NewAge, although the donations were made in team members’ names.

Internships Give Students First-Hand Business Insights

Each summer NewAge team members help students at Hatboro-Horsham High School, located in southeastern Pennsylvania, keep learning, thanks
to the Bridges internship program. Bridges is targeted to juniors and seniors and is designed to help students determine college course selections.

The unpaid internships generally last 60 hours and are spread over the summer. Interns meet regularly with CEO Ken Baker and with the company’s team leaders. Interns have the opportunity to spend time with team members from various departments and learn about different job requirements and responsibilities.

NewAge also provides internships to engineering students from Drexel University, located in Philadelphia. The full time, six-month programs immerse students in the various day-to-day activities of a progressive manufacturer, allowing them to gain valuable hands-on experience.

Blood Drives

NewAge Industries hosts semiannual blood drives in association with the American Red Cross. Team members are encouraged to donate a unit of life-saving blood to help our community’s blood supply sustain healthy levels. Neighboring companies are also invited. NewAge has been hosting drives since 1997, producing over 500 units of blood.

Continuing Team Member Education

The company offers reimbursement up to $4,000 per year for successfully completed, work-related college courses. Courses can pertain to an employee's current job or to a career in another field. Team members are also encouraged to attend work-related seminars and training to enhance their skills. Internal training on products, procedures, software, business practices, and financial information takes place, too. Why? Because we know that to continue growth, education and learning must also continue.
Pennsylvania Center for Employee Ownership

NewAge Industries is associated with the Pennsylvania Center for Employee Ownership (PaCEO), a non-profit organization co-founded by Ken Baker and developed to promote better understanding of the values of employee ownership among business leaders and others. The PaCEO is an affiliate of the National Center for Employee Ownership (NCEO), a 501(c)(3) public benefit corporation, supported by volunteers from among Pennsylvania ESOP companies, service providers and agencies, and educational institutions. Its goals are to raise awareness of employee ownership as a form of business succession planning, create more employee-owned companies in the state and improve the Pennsylvania economy. Learn more at www.ownershippennsylvania.org.

Notable Honors

In addition to our PennFuture “Green Power: Make It” award, NewAge Industries has been the recipient of the Wharton Family Business of the Year Award, organized by the University of Pennsylvania’s famed Wharton Business School.

NewAge was also selected as a finalist for two consecutive years in the Top Small Company Workplaces competition sponsored by Inc. magazine and Winning Workplaces™. NewAge Industries was one of 40 finalist companies chosen from over 500 entrants.

The judges noted that “NewAge Industries has lived up to its name by reinventing itself from a distributor of plastic tubing to a manufacturer, to a premier provider of disposable pharmaceutical processing systems through its AdvantaPure group. Since its founding in 1954, this family-owned business has steadily followed its core values focusing upon customer appreciation, high ethical standards and sharing wealth with employees. This formula has paid off. Today, NewAge is a modern, lean operation with a tenured workforce known for its innovation, commitment and agility. This firm has consistently been profitable throughout its history with its share price steadily increasing.”
Looking Ahead

What we’ve presented here is our version of the Triple Bottom Line: **People, Planet, Profit**. Our practices prove that this is not simply possible but is charitable, environmentally responsible, financially rewarding and allows us to keep an educated eye on the future.

We pledge to continue our sustainability, in all its fashions, and to keep leading the way in successful, corporate social responsibility.