

Annual Sustainability Report

OUR PLAN: MAKE THE WORLD A BETTER PLACE, ONE PINT AT A TIME

A Letter From Our President

When we founded North Coast Brewing Company in our little town on the Mendocino Coast, we couldn't anticipate the extent to which the craft beer community would change the world. From the beginning we have cared about two things: making great beer and giving back. We consider it a huge privilege that the growth and success of our company has allowed us to provide more and more support for the causes we believe in.

We believe climate change is the biggest challenge facing the world and in turn we are focused on reducing waste and reversing our carbon footprint through our carbon farming initiative, and supporting crucial ocean conservation & education. These integrally connected issues go hand in hand, and have important implications for the health of the planet.

Our hope is to continue being an industry leader in both crafting exceptional beer and setting an example for social and environmental responsibility. We encourage the legions of established and emerging craft brewers to consider how we can all do our part.

As we head into our 30th Anniversary year, we are more proud than ever to be an independent craft brewer, never compromising on the ideals by which we have lived and brewed since 1988. We couldn't have done it without the loyalty and support of our employees, customers, shareholders and community and we are grateful to be on this journey with you. Cheers!

Mark Ruedrich

Mark Ruedrich
President and Co-Founder

IN 2017
WE COMPLETED
OUR B CORP
RE-CERTIFICATION
AND ACHIEVED
A SCORE OF

100.2

Certified
B
Corporation

	Score
Up 4 → points! ENVIRONMENT	44
Environmental Practices	22
Land, Office, Plant	6
Energy, Water, Materials	8
Emissions, Water, Waste	5
Suppliers & Transportation	3
WORKERS	17
Compensation, Benefits & Training	11
Worker Ownership	3
Work Environment	4
Up 4 → points! COMMUNITY	23
Community Practices	23
Suppliers & Distributors	5
Local	6
Diversity	4
Job Creation	3
Civic Engagement & Giving	7
GOVERNANCE	16
Accountability	4
Transparency	2
TOTAL	100

Business as a Force for Good

Goal: Achieve B Corp Re-Certification

We're really proud of our score, up 18 points from our first certification score.

B Corp Certification is an ongoing journey, not a destination, and we are continually looking for ways to improve.

In 2017, we focused on measurably improving our social and environmental impacts

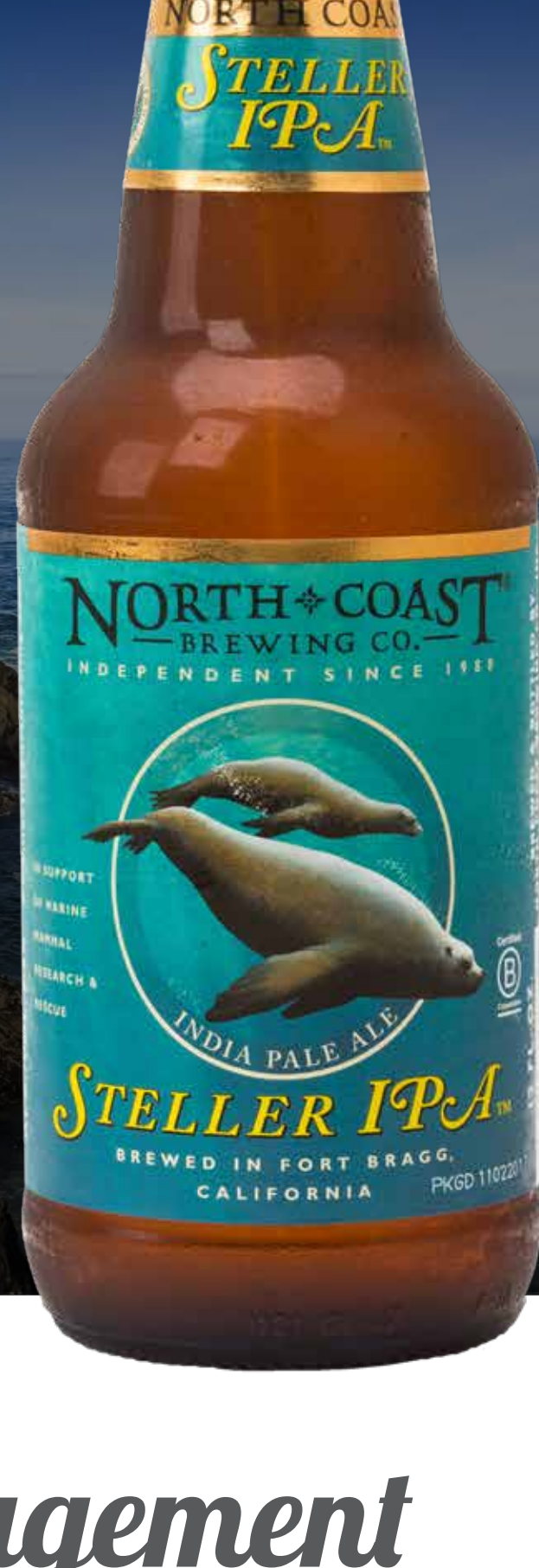
Learn more about the brewery's commitment to using business as a force for good on our website at www.northcoastbrewing.com/certified-b-corporation.

Giving Back

Goal: Continue living up to our B Corp ideals by supporting community organizations with our commercial co-ventures and other donations

IN 2017, WE GAVE
\$6.85
PER BARREL
OF BEER
vs. the industry average
for craft breweries
which is \$3.25

*according to the BA's 2014 Brewery Operations Benchmarking Survey.



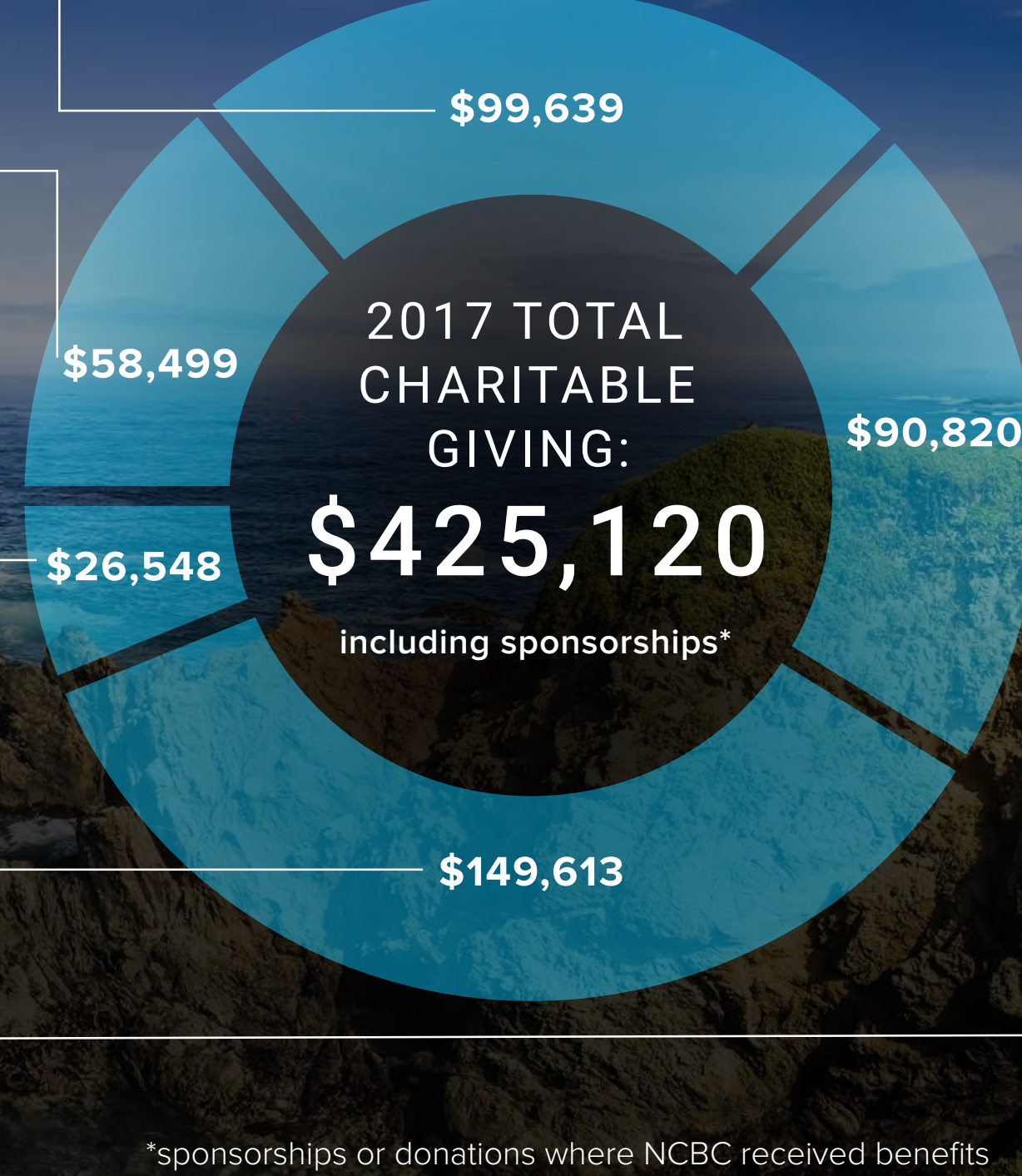
COMMUNITY GIVING
Cash and in kind donations to over 100 non-profits

IN-KIND PRODUCT DONATIONS

MARINE MAMMAL RESEARCH & RESCUE
Supporting:
Marine Mammal Center
Noyo Center for Marine Science
UBC Marine Mammal Research Unit

THELONIOUS MONK INSTITUTE FOR JAZZ

JAZZ SPONSORSHIPS*



*sponsorships or donations where NCBC received benefits

Employee Engagement

Goal: Continue to grow employee engagement and satisfaction.

A TOTAL OF
1,510
VOLUNTEER HOURS
WERE REPORTED
FOR 2017,
A 38% INCREASE
OVER 2016.

EMPLOYEE SATISFACTION SURVEY

In 2017 we conducted our first Employee Satisfaction Survey and our first Manager's Self-Evaluation Survey.

We had a good response to both surveys, and identified and engaged in initiatives for improvement in the areas of internal communications, entry-level wages, and professional development.

EMPLOYEE VOLUNTEER PROGRAM

17% of employees reported volunteer hours in the past year. We aimed to get 20% participation, and hope to hit that goal in 2018.

Recipient organizations included non-profits focused on coastal clean-up, historic preservation, youth sports and education, preventing domestic violence, and more.

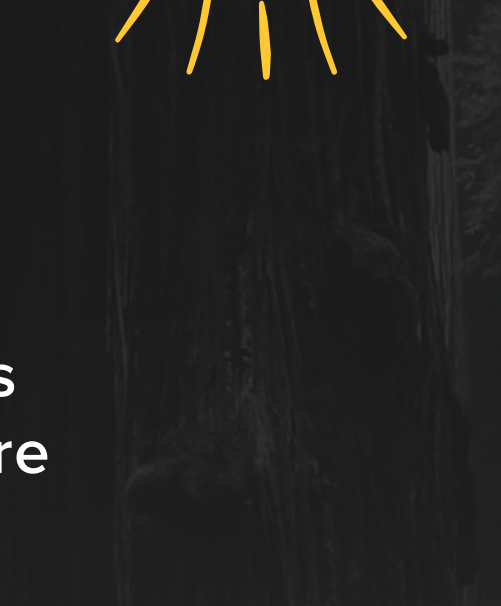
HEAL PROGRAM

We launched the HEAL Program (Helping Employees Access Loans) - an innovative lending program that allows employees to borrow money from Savings Bank of Mendocino County, a local independent bank.

Employees facing an unexpected financial emergency can get an employer referral for an automatically approved loan of up to \$750. The loan is repaid through payroll deduction, building the employee's credit score. When the loan is paid off, the payroll deduction continues (unless the employee opts out) and is rolled into a personal savings account, allowing them to build savings.

Reduce our Carbon Footprint

Goal: Maximize energy efficiency & track our energy usage.

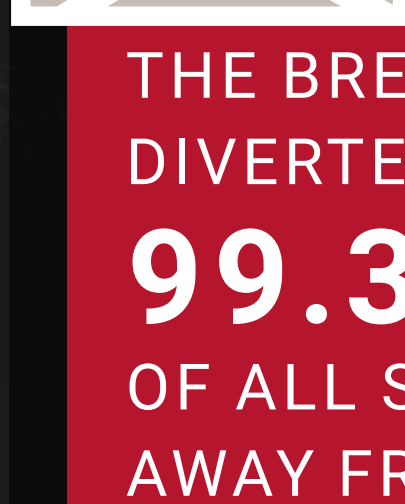


OUR ROOFTOP SOLAR ARRAY HAS PRODUCED 497,744 KWH SINCE JUNE 2013, SAVING CO2 EMISSIONS EQUAL TO 41,682 GALLONS OF GASOLINE

Goal: Measure our GHG (Greenhouse Gas) emissions & set specific reduction targets in subsequent years.

We selected and implemented Rapport -- a software system to track and measure our carbon footprint -- in 2017, measuring our direct GHG footprint for all NCBC facilities. In 2017, we produced 1149.1 metric tons of CO2e company-wide.

Goal: Reduce waste & promote conservation through company-wide operations



WE EARNED TRUE ZERO WASTE CERTIFICATION IN SEPTEMBER 2017!

THE BREWERY DIVERTED A VERIFIED **99.36%** OF ALL SOLID WASTE AWAY FROM THE LANDFILL

We send spent grain and hops to local farms instead of the landfill, diverting waste and contributing to our carbon farming initiative.

We developed an incentive program that rewards employees for innovative waste reduction ideas. One of our favorites: using giant rubber bands instead of plastic wrap for securing kegs for transport.

In 2017 we joined the US EPA WasteWise program, and are reporting our annual waste data there.

Carbon Farming

Goal: Reverse the brewery's carbon footprint & mitigate climate change through our carbon farming program.

WE BELIEVE THAT SEQUESTERING CARBON IS THE MOST SIGNIFICANT THING WE CAN DO TO ADDRESS CLIMATE CHANGE AND PROTECT THE HEALTH OF OUR OCEANS AND PLANET.

In 2017, we drafted a Carbon Farming Plan to determine the potential carbon sequestration impact of our efforts to compost spent grain and hops with our partner farm. The plan establishes baseline data and outlines a system for testing the soil and measuring results.

We are encouraged by early data that suggests significant benefits of composting our brewing byproducts (spent grain, hops and yeast slurry) to our partner farm's soil and farm health.

We hope that ongoing studies of this closed-loop initiative will inspire other breweries and manufacturers to creatively explore how to reduce & reverse their carbon footprint. We are all in this together.

For more information, see our Carbon Farm Plan.

What is a Carbon Farming Plan?

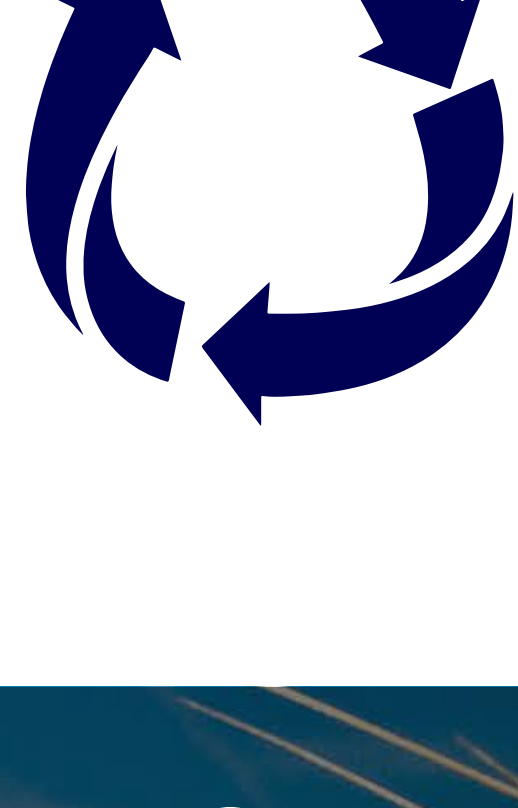
Carbon Farm Plans support an ecosystem approach to farming and provide on-farm ecological benefits, improve agricultural productivity, enhance agroecosystem resilience, and mitigate global climate change.

This may be the first Carbon Farm Plan in California focused on a vegetable production farm.

- Partners with:
- Fortunate Farm
 - LIFT Economy
 - Mendocino County Resource Conservation District
 - North Coast Resource Conservation District
 - Carbon Cycle Institute

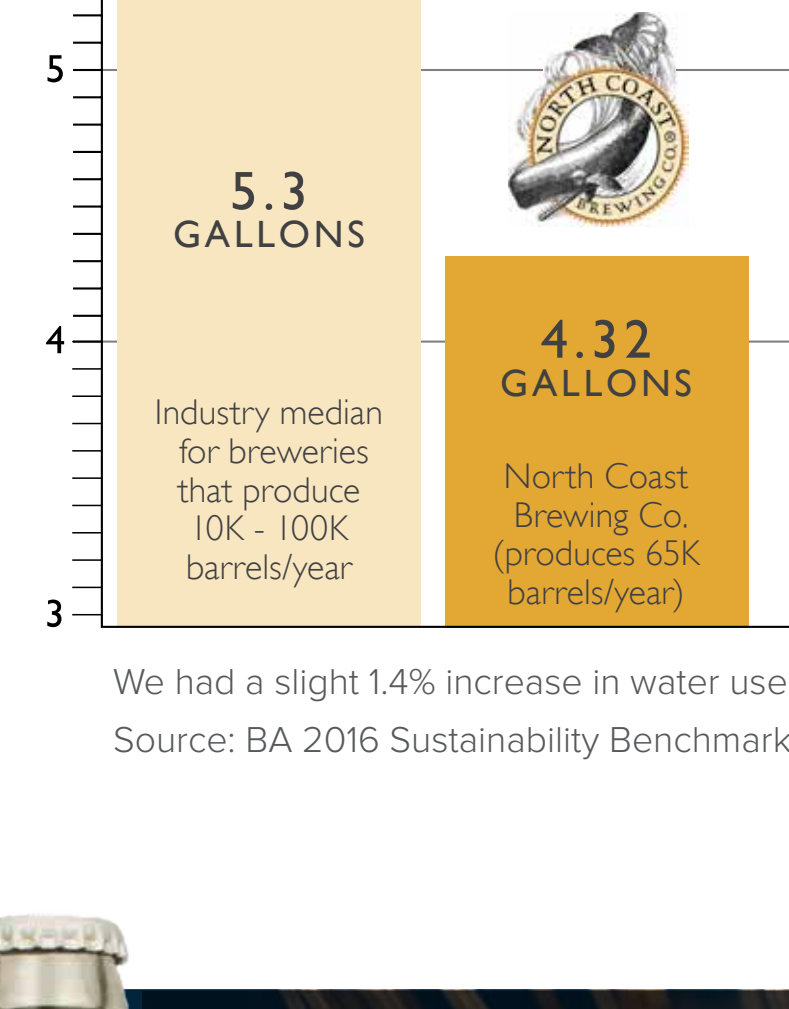
Water Conservation

Goal: Measure and maximize water efficiency throughout brewery operations.



OVER **2.4 MILLION GALLONS** OF WATER FROM THE BREWING PROCESS WERE CAPTURED AND RE-USED

GALLONS OF WATER USED TO MAKE ONE GALLON OF PACKAGED BEER IN 2017



We had a slight 14% increase in water use over last year. Source: BA 2016 Sustainability Benchmarking Update.

Non-GMO Project Verification

Goal: Obtain Non-GMO Verified status for our 13 core beer brands

We believe customers have a right to know what's in their beer.

Thirteen of our core beer brands received Non-GMO Project Verification in March 2017, a symbol of our longstanding commitment to using pure, honest ingredients. Nothing less.



In 2017 we were delighted to add the Tart Cherry Berliner Weiss to the roster of NON-GMO PROJECT VERIFIED beers, and we are currently pursuing verification for all of our seasonal beers.



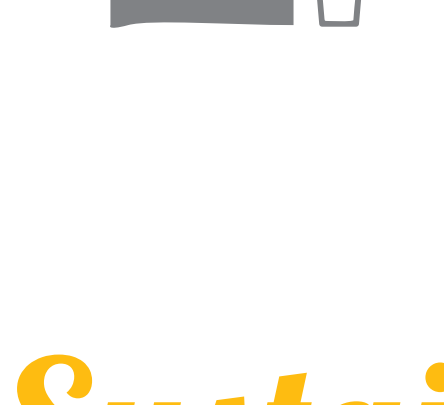
Sustainable Sourcing

Goal: Implement an Environmental Purchasing Policy

Our policy encourages purchasing from suppliers who meet robust third party certifications for environmental and social responsibility and preference for purchasing from local, independent and women or minority owned business whenever possible.



IN OUR RETAIL STORE, **92.76% OF OUR MERCHANDISE EXPENDITURES WERE WITH USA VENDORS FOR MADE-IN-THE-USA PRODUCTS, EMPHASIZING LOCAL AND SUSTAINABLY PRODUCED GOODS.**



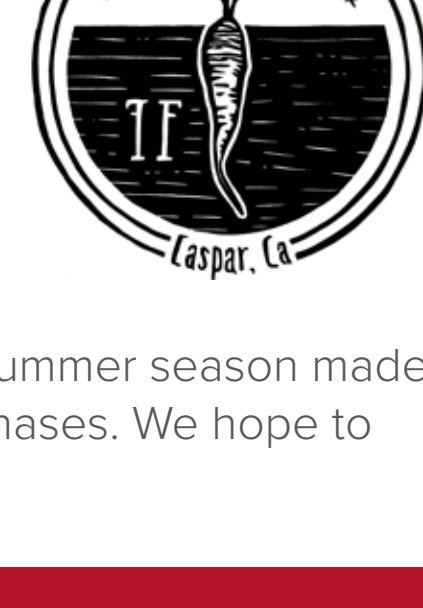
26.47% of our total expenditure was for organic cotton beer gear, produced within CA at Farm Fresh Clothing out of Sebastopol.



82% of our brew-house raw materials are shipped in bulk, thereby reducing packaging.

Farm-to-Taproom

Purchasing of Fortunate Farm produce increased by 58% in 2017.



This year our taproom produce purchases from Fortunate Farm during the summer season made up 8.5% of all produce purchases. We hope to increase that to 20%.

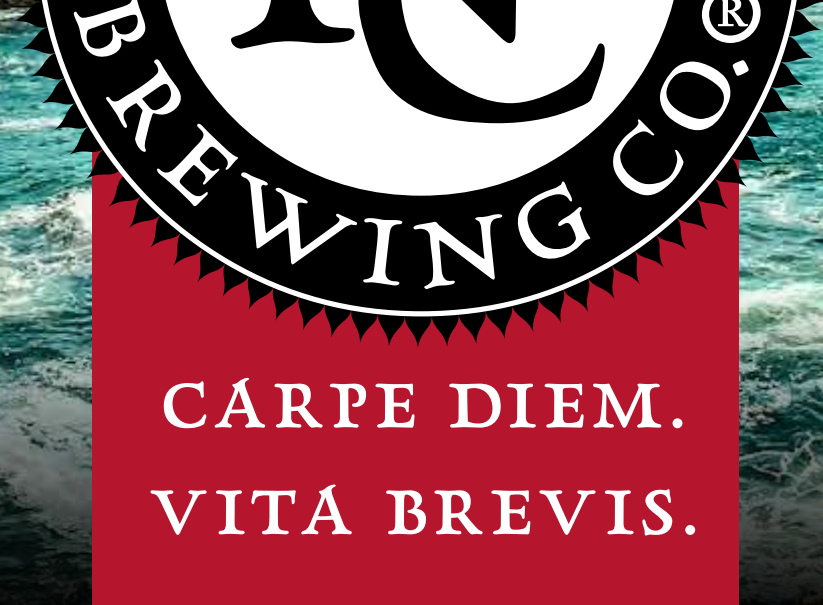
41% OF THE TAPROOM'S EXPENDITURES WERE FOR SUSTAINABLY SOURCED GOODS

- defined as local, organic/non-GMO, STPP-free, biodegradable, and/or 3rd party certified (B Corp, Fair Trade, etc.).

Sustainability is always in season



RAISE YOUR GLASS TO A BETTER WORLD WITH OUR NEW LIMITED RELEASE SEASONALS



CARPE DIEM. VITA BREVIS.

PUBLISHED APRIL 2018 BASED ON 2017 DATA