

NORTH COAST[®] — BREWING CO. —

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2016 ANNUAL SUSTAINABILITY REPORT

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MISSION STATEMENT

North Coast Brewing Company is unwavering in its pursuit of excellence in brewing and integrity in business.

We are equally committed to the success of our employees, the satisfaction of our customers and shareholders, and the well-being of our community.

With every barrel of beer we produce we strive to do more for the planet, as stewards of the environment and supporters of the arts.

Our plan: make the world a better place, one pint at a time.



A LETTER FROM OUR PRESIDENT

When we started North Coast Brewing Company in 1988 it was with the modest ambition of adding our small contribution to what would become revolutionary changes in American beer culture and the global brewing industry.

Little did we know that in the process of growing our business over nearly 30 years, we would have the opportunity to be a part of something much larger -- contributing to a change in the way businesses relate to all of their stakeholders: employees, communities, and the planet.

Last year those efforts led us to formalize our mission with B Corp certification and a change in our status to that of California Benefit Corporation. This rigorous third-party certification helped us to evaluate and prioritize our diverse efforts, bringing them to the forefront of our business operations and inspiring continued improvement and innovation.

For North Coast Brewing Company 2016 was a milestone year in advancing a number of sustainability initiatives. We launched a Zero Waste Certification initiative, and pursued Non-GMO Project Verification for our core beer brands. In our brewing facility we exceeded the water reduction target goal that we set in 2014, reduced our propane usage by 7%, and reduced our beer packaging by 11%.

In our taproom, we converted 100% of our food to non-GMO and/or organic, 10% of which came directly from our local farm partner, Fortunate Farm. At the farm we have continued to expand the composting/carbon farming program that recycles the spent grain from our brewing process by turning it into rich compost that feeds the soil and helps grow top quality produce.

In addition to investing in these efforts to reduce our footprint, we are also investing in telling our story so that everyone who enjoys our beer knows what is behind it. In 2016 we produced four videos to share the story of our craft brewing process and to highlight our major partners in sustainable agriculture, the arts, and marine mammal research. We developed a sustainability marketing plan, relaunched our website to showcase our social and environmental initiatives, and activated our e-newsletter and social media to share our work with our broader community.

Thank you to all of our employees, customers, shareholders and industry partners for making it possible for us to continue making great beer while also making a difference in the world. We hope to inspire other breweries to explore creative solutions to the challenges we face, and collectively create a legacy for the craft beer industry to be known for great beer as well as social and environmental responsibility.

Cheers to our growing community,

Mark Ruedrich
President and Co-Founder

BUSINESS AS A FORCE FOR GOOD



GOAL: CONVERT TO BENEFIT CORPORATION
STATUS TO COMPLEMENT OUR
B CORP CERTIFICATION

WHY B CORP?

Individually, B Corps meet the highest standards of verified social and environmental performance, public transparency, and legal accountability, and aspire to use the power of markets to solve social and environmental problems.



In 2015 we completed our B Impact Assessment, and achieved a qualifying score of 82 to become a Certified B Corp. After decades of commitment to positive impact through best business practices, the certification was a natural fit for the brewery. Now we proudly include the Certified B Corp logo on all of our packaging.

We believe that business can be a force for good in the world and our commitment to sustainability is built into everything that we do. B Corp Certification and its rigorous set of standards recognizes our longstanding commitment to doing the right thing for our community, our employees, our customers, and the planet.

IN GOOD COMPANY

There are over 2000 B Corps in 50 countries around the world, in over 130 industries -- all with one unifying goal: to use business as a force for good.



NORTH COAST BREWING COMPANY'S 2015 B IMPACT REPORT

82

	Score
ENVIRONMENT	40
Environmental Practices	40
Land, Office, Plant	6
Energy, Water, Materials	9
Emissions, Water, Waste	5
Suppliers & Transportation	3
WORKERS	18
Compensation, Benefits & Training	11
Worker Ownership	3
Work Environment	4
COMMUNITY	19
Community Practices	19
Suppliers & Distributors	1
Local	5
Diversity	4
Job Creation	3
Civic Engagement & Giving	5
GOVERNANCE	6
Accountability	5
Transparency	1
TOTAL	82

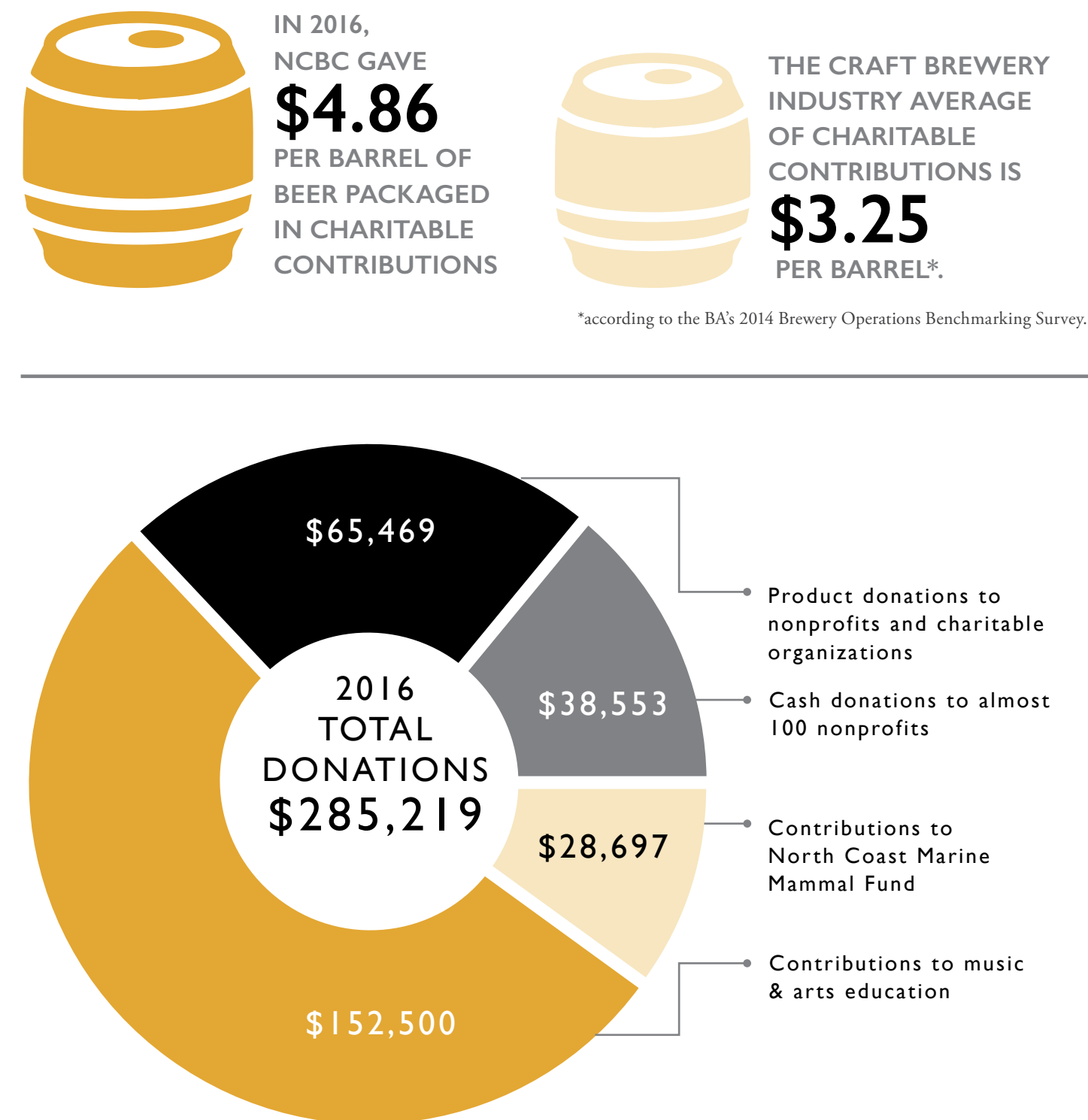
80 out of 200 is eligible for certification. Recertification occurs every two years.

More information is available at www.bcorporation.net.

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CONTINUE SUPPORTING COMMUNITY
ORGANIZATIONS WITH OUR
COMMERCIAL CO-VENTURES
AND OTHER DONATIONS

No matter which of our beers our customers choose, they are contributing to our diverse giving back programs.



INTRODUCING OUR OCEAN-FRIENDLY IPA IN
PARTNERSHIP WITH THE MARINE MAMMAL FUND!

“We are facing increasing threats to ocean life due to climate change and each of us needs to do something about it. These non-profit partners are all doing something about it. We have an opportunity to support them and in the process we are giving our customers the chance to be part of the solution.”
- Mark Ruedrich, President



NCBC launched the North Coast Brewing Marine Mammal Fund this year to provide direct support for marine mammal research & rescue along the Pacific Coast. For every case or keg of North Coast Steller IPA sold, North Coast Brewing makes a contribution to the North Coast Brewing Marine Mammal Fund. Proceeds are directed to the following organizations:



Noyo Center for Marine Science is located in Fort Bragg, California, on 11.5 acres situated adjacent to recently protected coastal lands. Together the Noyo Center and Noyo Headlands Park will lead the redevelopment of a 400 acre former timber mill site spanning more than three miles of Fort Bragg’s waterfront. Their mission is to inspire ocean conservation through education, exploration and experience.

noyocenter.org



Marine Mammal Research Unit (MMRU) at The University of British Columbia led by Dr. Andrew Trites. The MMRU is integrated within the Institute for the Oceans and Fisheries and works with other departments and institutions, combining specialties in a coordinated effort to provide independent research and advice on matters related to marine mammals. Members investigate interactions between humans and marine mammals, marine mammals as indicators of ecosystem change, and the natural history, biology and conservation of marine mammals.

mmru.ubc.ca



The Marine Mammal Center in Sausalito, California is a nonprofit veterinary research hospital and educational center dedicated to the rescue and rehabilitation of ill and injured marine mammals – primarily elephant seals, harbor seals, and California sea lions. Since 1975, The Marine Mammal Center has rescued and treated more than 20,000 marine mammals.

marinemammalcenter.org

EMPLOYEE ENGAGEMENT



GOAL: CREATE AN EMPLOYEE VOLUNTEER PROGRAM, WITH 20% STAFF PARTICIPATION

EMPLOYEE VOLUNTEER PROGRAM

Employee Volunteer Programs are designed to inspire, recognize and encourage people to creatively engage in their communities. In 2016 we initiated our Employee Volunteer Program (EVP) by first partnering with another local B Corp, Harvest Market, to learn about key elements of successful EVPs. We knew that by joining forces and encouraging each company to develop its own EVP, our companies could have double the impact in our community.

Next, we surveyed our employees to find out what types of volunteering they were involved or interested in, and we created a policy to encourage and recognize our employees for sharing their talents by volunteering in the community.

We formally rolled out the EVP in August, and by the end of the year 17.5% of our employees reported volunteer hours. Some volunteer activities included:

- Participating in a local beach clean up day
- Serving on nonprofit Boards of Directors
- Helping at nonprofit fundraising events throughout Mendocino County

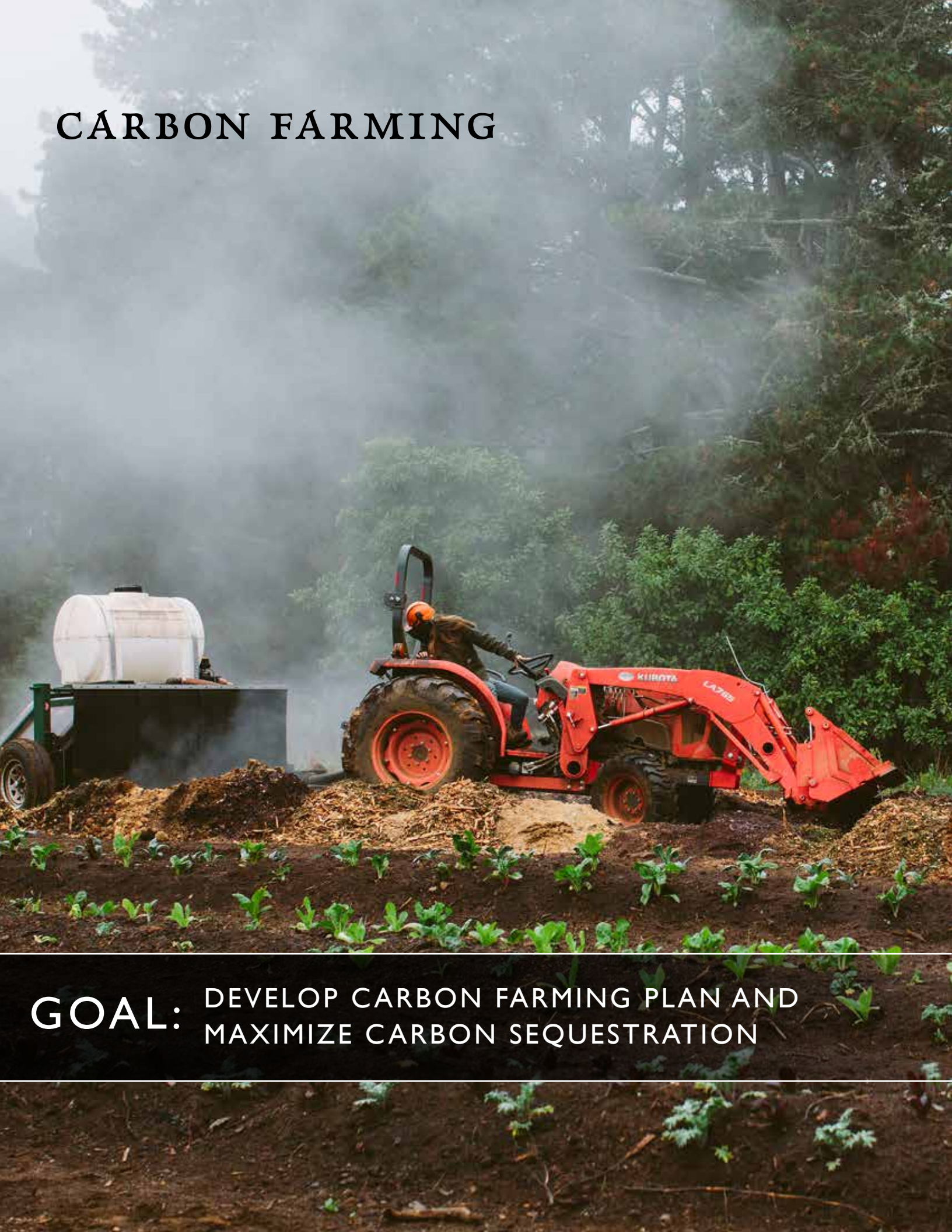
In the coming year, we will continue to grow our EVP and we anticipate meeting (and hopefully exceeding!) our 20% employee participation goal.

1,097
HOURS DONATED
TO THE
COMMUNITY
BY EMPLOYEES
-
WORTH
APPROXIMATELY
\$26,481*
***USING INDEPENDENT**
SECTOR'S 2016 VALUE
OF VOLUNTEER TIME
OF \$24.14/HOUR



NCBC employees visit Fortunate Farm to see carbon farming in action and to see the source of much of their Taproom's fresh, organic produce.

CARBON FARMING



GOAL: DEVELOP CARBON FARMING PLAN AND
MAXIMIZE CARBON SEQUESTRATION

SUPPORTING REGENERATIVE AGRICULTURE

FARM PARTNERSHIP

North Coast Brewing Company has established a composting operation in partnership with Fortunate Farm, a 40 acre farm located four miles south of our brewery. The farm grows heirloom vegetables, grazes sheep, and conducts on-site composting of our spent brewer's grain. In 2016, we hired Fortunate Farm Co-Owner Gowan Batist to be our Sustainability Manager and implement a closed-loop composting system for the brewery and grow vegetables for our Taproom. Gowan was subsequently awarded the California Farmer's Guild Young Farmer of the Year award for her innovations at Fortunate Farm.

COMPOSTING

Spent grain and hops from the brewery are delivered to the farm, where they are turned into a carbon-rich compost. The farm uses an MM80 windrow compost turner pulled by a Kubota tractor to mix wood chips, spent grain and yeast slurry with air to create a healthy community of microbes. Nearly 100% of the brewing process waste stream is diverted to nourish the soil on the farm, which in turn sequesters carbon from the atmosphere.

CARBON FARMING & MEASURING OUR CARBON FOOTPRINT

In 2016 we began development of an official Carbon Farming Plan in partnership with the Mendocino County Resource Conservation District (MCRCD). Soil samples were taken at Fortunate Farm to establish soil composition baseline analytics, and a newly developed mapping system will enable us to track the Carbon Farm's progress. Fortunate Farm is the only vegetable farm participating in this first round of carbon farm plans in Mendocino County. Conventional wisdom is that vegetable farms are not able to sequester carbon, making Fortunate Farm a model for regenerative agriculture and an experimental site for carbon sequestration.

In 2016, Fortunate Farm became an official producer with the Fibershed, a Regenerative Agriculture non-profit mostly focused on grazing and textiles. Fibershed is a partner in Fortunate Farm's soil carbon sampling protocol. This consists of taking soil core samples at various locations around the farm at 15cm, 30cm, and 45cm depths and then comparing their carbon content over time.



Light brown depleted soil transforms into dark rich humus through carbon farming at Fortunate Farm.



Gowan: NCBC Sustainability Manager & Fortunate Farm Co-Owner

Gowan was born in the same year North Coast Brewing Company was founded, and raised on the Mendocino Coast. She studied metal fabrication and sustainable agriculture in college, and farmed in Portland, Oregon before returning to Mendocino to manage the Noyo Food Forest, Fort Bragg Unified School District's farm-to-school program. During her three seasons as manager of the Noyo Food Forest, Gowan began composting spent grain from North Coast Brewing Company as a hobby. The hobby became a mission and a career and evolved into a formal partnership with NCBC

REDUCING OUR CARBON FOOTPRINT



GOALS: REDUCE WATER USE TO 4.3 GALLONS
WATER/GALLON OF BEER PACKAGED

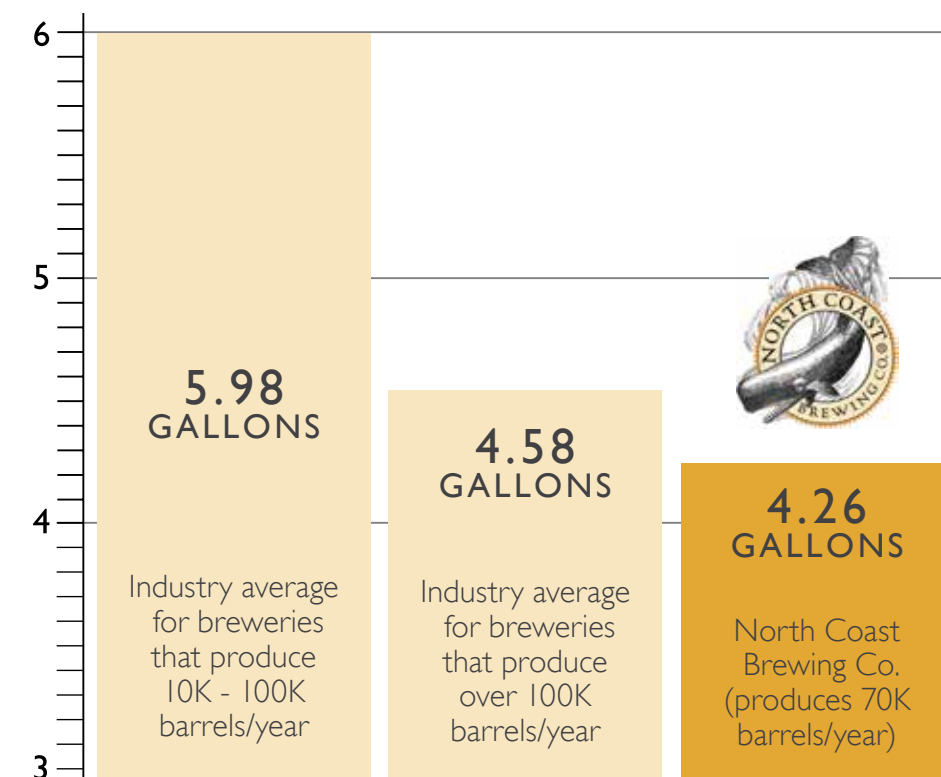
REDUCE WASTE AND DIVERT AT LEAST
90% OF WASTE FROM LANDFILL

REDUCE ENERGY USE PER BARREL OF
BEER PRODUCED BY 0.2%

Spent grain is delivered daily to Fortunate Farm for composting.

WATER CONSERVATION

GALLONS OF WATER USED TO MAKE
ONE GALLON OF PACKAGED BEER



NCBC REDUCED
WATER USE BY

10.84%

IN 2016
COMPARED TO
2014



BEERIGATION

Beerigation is a nickname for our experiment using yeast slurry as a foliar feed for cover crops and pasture in 2016.

ZERO WASTE INITIATIVE

98%
OF THE
BREWERY'S
WASTE WAS
DIVERTED FROM
THE LANDFILL

In 2016 we launched a Zero Waste Certification initiative, and adopted a company-wide Zero Waste policy. We are tracking all waste streams in detail to ensure that we divert more than 90% of our solid wastes away from the landfill through reducing, reusing, recycling and composting. We offer employee incentives for innovative Zero Waste ideas that are implemented.



WE REDUCED OUR
BEER PACKAGING BY 11%

via a packaging reduction program that Sierra Nevada Brewing Company initiated with our mutual packaging supplier

At our request, our label supplier
ELIMINATED BUBBLE WRAP
from all label shipments.

ENERGY EFFICIENCY

In 2016 we used 11.8kWh/barrel of beer produced which is less than half the industry average.*

While we aimed for energy reduction in 2016, our usage was essentially the same as 2015 (+0.5%) despite adding in a second hops freezer and expanding our facilities. Our purchased kWh are partially offset by our on-site solar array. We believe there will be further room for improvement in efficiency as production increases.

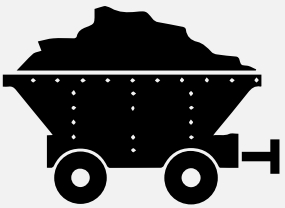
**Industry average is 26.64kWh/bbl (reported in the Brewers Association 2015 Sustainability Benchmarking Report).*



MEASURING OUR CARBON FOOTPRINT

We are conducting our first company-wide Carbon Footprint or Greenhouse Gas (GHG) emissions study. This assessment will measure the past three years of direct GHG emissions data. With this baseline data, we will set specific reductions targets.

OUR 83KW
SOLAR ARRAY
HAS PRODUCED
392,757 KWH
SINCE
JUNE 2013



equivalent to saving CO2
emissions from 294,540
pounds of coal burned



or 31,059 gallons of
gasoline consumed

NCBC REDUCED
PROPANE USE BY

7%
IN 2016
COMPARED
TO 2014

SUSTAINABLE SOURCING



GOALS: CONVERT 100% OF PUB SUPPLIERS TO NON-GMO AND/OR ORGANIC, AND PRIORITIZE LOCAL SOURCING

IMPLEMENT A GREEN AND LOCAL PURCHASING POLICY FOR OUR RETAIL STORE

FARM-TO-TAPROOM LOCAL SUSTAINABLE AGRICULTURE

In 2016, 10% of all the Taproom’s fresh produce purchases came from our local partner, Fortunate Farm. We began sourcing all of our beef from a grass-fed ranch in Willits, CA: John Ford Ranch. We purchased our fish and shrimp from Caito Seafood, operating out of our local Noyo Harbor and developed a relationship with local fishermen/women through the Fort Bragg Groundfish Association.



Produce grown at Fortunate Farm

BEST PRACTICES

We use the guidelines for sustainable seafood listed as “Best Choices” from the Monterey Bay Aquarium, at www.seafoodwatch.org. We have eliminated Chinese harvested or farmed seafood, and all products that we could identify as genetically modified. We eliminated products containing high levels of sodium-tri-poly-phosphates (S.T.P.P.), an unnecessary food preservative in seafood that may be harmful to the human nervous system.

We only use Non-GMO oil, organic chicken, and hand cut organic tortilla chips. Many items such as our cheesecake are now made by scratch in-house, rather than purchased from our supplier network. Other local suppliers we use are Roundman’s for our sausage/chorizo, Fort Bragg Bakery for breads, Cowlick’s for ice cream, Thanksgiving Coffee Co. (B Corp!), and Harvest Market (B Corp!).

CONTINUED IMPROVEMENTS

We are working to reduce paper usage by invoicing digitally when possible and we plan to discontinue the use of paper dinner napkins by converting to linen in Q2 of 2017. We will continue to qualify products, identify sustainable solutions, and utilize more seasonably available ingredients on our menu.

CONSCIOUS RETAIL

In 2016, NCBC’s retail arm began to convert its wearable “beer gear” to organic cotton products that are made in the USA and locally printed. For example, 27.4% of our overall retail spending was with Farm Fresh Clothing based in nearby Sebastopol, CA. Farm Fresh uses 100% organic cotton and produces their garments in California, printing exclusively with eco-friendly, water-based inks.

FROM JULY-
DECEMBER 2016,
48.22%
OF TAPROOM
EXPENDITURES
WERE FOR
SUSTAINABLY AND
LOCALLY SOURCED,
OR RECYCLED
POST-CONSUMER
PRODUCTS

76.2%
OF RETAIL
MERCHANDISE
EXPENDITURES
WERE SOURCED
SUSTAINABLY,
LOCALLY AND/OR
USA MADE.

NON-GMO PROJECT VERIFICATION

GOAL: OBTAIN NON-GMO VERIFIED STATUS
FOR OUR CORE BEER BRANDS



WE ARE PROUD TO ANNOUNCE THAT
OUR CORE BEER BRANDS RECEIVED
NON-GMO PROJECT VERIFICATION

North Coast Brewing has been committed to brewing with honest, traditional ingredients from the beginning. We are proud to announce that twelve of our core beer brands received Non-GMO Project Verification in March 2017. This rigorous third party verified label shows our commitment to high-quality ingredients and supports our belief that consumers have the right to know what’s in their beer. Non-GMO Project Verification ensures that none of the ingredients or processing aids used to make NCBC’s beers has any chance of being contaminated or commingled with GMO ingredients or products.

Barley and hops, the main beer ingredients, are not at risk of being GMO. However, yeast is at a high risk of being GMO due to the feedstocks it is grown with. Other commonly-used brewing ingredients that could be GMO include corn (corn syrup), beet sugar, and rice. NCBC uses only cane sugar (which is never GMO) and we propagate our own yeast at the brewery. We never use corn or rice products in our brews.

NCBC’s barrel-aged beers are not Non-GMO Verified, simply because we cannot verify that the whiskey and bourbon barrels used for aging our beers did not use GMO ingredients in their original use.

- ACME CALIFORNIA PALE ALE
- ACME CALIFORNIA IPA
- BLUE STAR WHEAT BEER
- LE MERLE SAISON
- NORTH COAST STELLER IPA
- OLD NO. 38 STOUT
- OLD RASPUTIN RUSSIAN
- OLD STOCK ALE
- PRANQSTER
- PUCK THE BEER
- RUEDRICH’S RED SEAL ALE
- SCRIMSHAW PILSNER



OUR PARTNER ORGANIZATIONS

- [B LAB](#)
- [CARBON CYCLE INSTITUTE](#)
- [FIBERSHED](#)
- [FORTUNATE FARM](#)
- [GREEN BUSINESS CERTIFICATIONS, INC. \(ZERO WASTE CERTIFICATION\)](#)
- [LIFT ECONOMY](#)
- [THE MARINE MAMMAL CENTER](#)
- [MARINE MAMMAL RESEARCH UNIT AT THE UNIVERSITY OF BRITISH COLUMBIA](#)
- [MENDOCINO COUNTY RESOURCE CONSERVATION DISTRICT](#)
- [MENDOCINO LAND TRUST](#)
- [NATURAL RESOURCES CONSERVATION SERVICE \(USDA\)](#)
- [NON-GMO PROJECT](#)
- [NOYO CENTER FOR MARINE SCIENCE](#)
- [THE OCEAN FOUNDATION](#)

RECOMMENDED READING LIST

- [Biochar for Environmental Management: Science, Technology and Implementation](#)
Johannes Lehmann and Stephen Joseph (Editors)
- [The Biochar Revolution: Transforming Agriculture & Environment](#)
Paul Taylor (Author, Editor) and Hugh McLaughlin (Author)
- [Breakthroughs: What Business Can Offer Society](#)
Gunter Pauli
- [The Carbon Farming Solution: A Global Toolkit of Perennial Crops and Regenerative Agriculture Practices for Climate Change Mitigation and Food Security](#)
Eric Toensmeier
- [Drawdown: The Most Comprehensive Plan Ever Proposed to Reverse Global Warming](#)
Paul Hawken (Editor)
- [Grass, Soil, Hope: A Journey Through Carbon Country](#)
Courtney White
- [Growing a Revolution: Bringing Our Soil Back to Life](#)
David R. Montgomery
- [Holistic Management: A Commonsense Revolution to Restore Our Environment](#)
Allan Savory and Jody Butterfield
- [Holy Shit: Managing Manure to Save Mankind](#)
Gene Logsdon
- [Life in the Soil: A Guide for Naturalists and Gardeners](#)
James B. Nardi
- [The One-Straw Revolution: An Introduction to Natural Farming](#)
Masanobu Fukuoka
- [Practices for Climate Change Mitigation and Food Security](#)
Eric Toensmeier
- [Resilient Agriculture: Cultivating Food Systems for a Changing Climate](#)
Laura Lengnick
- [Restoration Agriculture](#)
Mark Shepard
- [The Soil Will Save Us: How Scientists, Farmers, and Foodies Are Healing the Soil to Save the Planet](#)
Kristin Ohlso
- [Tending the Wild: Native American Knowledge and the Management of California's Natural Resources](#)
M. Kat Anderson



CARPE DIEM. VITA BREVIS.