

# NORTH COAST<sup>®</sup> — BREWING CO. —

I N D E P E N D E N T S I N C E 1 9 8 8

MAKING THE WORLD A BETTER PLACE

*One Pint at a Time*

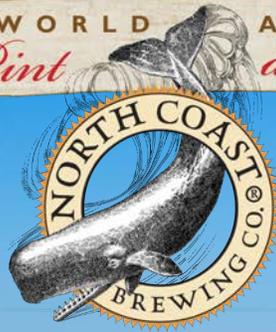


Photo by Brian Klonoski

## 2018 SUSTAINABILITY REPORT

## LETTER FROM SAM KRAYNEK, CEO

We love making beer. We believe the companionship engendered by sharing a tasty brew with others makes life better, and we want to make life better for as many people as we can.

When we began North Coast Brewing Company more than 30 years ago, we did not realize where the journey would take us, that it would allow us to participate in a community of like-minded businesses dedicated to changing how corporations relate to all of their stakeholders: employees, communities and the planet.

As part of our deep commitment to this philosophy of social equity and environmental responsibility, four years ago we became a California Benefit Corporation and a Certified B Corp with the mission to “make the world a better place, one pint at a time.” This process has revolutionized how we define and measure success, allowing us to make sustainably crafted, award-winning beer while contributing to the betterment of people and our natural environment.

Every year, our Board of Directors reviews our triple-bottom-line performance, ensuring that we live up to our intentions to be good for people, planet and profit. The Board has determined that North Coast Brewing Co. successfully pursued its public benefit purpose in 2018. Our Board of Directors comprises our company’s material (>5%) owners: Mark Ruedrich, Doug Moody and Tom Allen.

This year, we were proud to continue our participation in the Brewers Association Sustainability Benchmarking project and celebrate our fourth year as a Certified B Corporation. In 2018, we were honored by B Lab as a Best for the World: Changemaker. This recognition confirms that we have made steady, measurable improvements with our positive socially and environmentally responsible business practices.

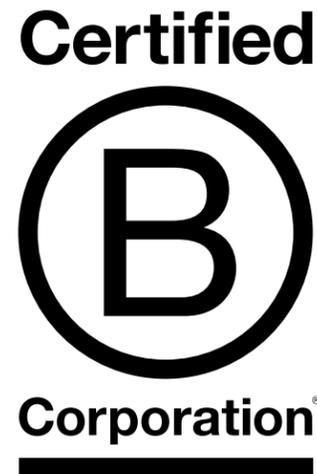
We are grateful to our customers, partners, vendors and fellow B Corps who have supported our mission. Thank you for your support.

Cheers to 30 more years!  
Sam



Certified  
**B**  
Corporation  
Best For  
The World  
2018 **Changemakers**  
Honoree

Photo by Erin O'Longaigh



## WHAT IS A CERTIFIED B CORP?

Certified B Corps are for-profit companies that meet the highest standards for social and environmental performance, accountability and transparency through a rigorous third-party verification process. Collectively, Certified B Corporations are committed to redefining success by measuring financial performance as well as the fair and equitable treatment of all stakeholders and a commitment to environmentally responsible practices.

Our third-party B Corp Certification is provided by B Lab, an independent nonprofit that verifies the social and environmental performance, transparency and accountability of the companies it certifies.



Photo by Etain O'Longaigh

## WE'RE IN GOOD COMPANY.

The B Corp movement is a global one. We are proud to be sharing a community with the following companies:



Learn more about B Corps at [bcorporation.net](http://bcorporation.net)

## NORTH COAST BREWING COMPANY'S 2018 B IMPACT REPORT

# 100.2

	Score
<b>ENVIRONMENT</b>	<b>44.1</b>
Land, Office & Plant	6.2
Inputs	8.0
Outputs	4.7
Transportation, Distribution & Suppliers	2.7
Designed to Conserve Manufacturing Process	21.0
Toxic Reduction / Remediation	1.3
<b>WORKERS</b>	<b>17.3</b>
Compensation & Wages	4.0
Benefits	5.7
Training & Education	0.8
Worker Ownership	2.6
Management & Worker Communication	1.3
Job Flexibility / Corporate Culture	1.3
Occupational Health & Safety	1.1
<b>COMMUNITY</b>	<b>22.9</b>
Job Creation	2.7
Diversity & Inclusion	3.5
Civic Engagement & Giving	6.5
Local Involvement	5.5
Suppliers, Distributors & Product	4.5
<b>GOVERNANCE</b>	<b>15.9</b>
Mission & Engagement	1.8
Corporate Accountability	.5
Ethics	1.1
Transparency	2.2
Mission Locked	10
<b>TOTAL</b>	<b>100.2</b>

## CARBON FOOTPRINT

In 2018 we produced 1172.1 metric tons of carbon emissions. That works out to 39.71 pounds CO<sub>2</sub>e per barrel of beer packaged, down from 39.88 pounds CO<sub>2</sub>e per barrel packaged in 2017. We like that our numbers are going down, but we're even more excited about the Carbon Farming that we are doing with Fortunate Farm to offset some of these emissions. Find out more about that further on in our report.



Photo by Etain O'Longaigh

## WASTE REDUCTION



WE DIVERTED 98.7% OF OUR SOLID WASTE AWAY FROM LANDFILLS, HELPING US MAINTAIN OUR PLATINUM-LEVEL TRUE ZERO WASTE CERTIFICATION.

### EXAMPLES OF OUR WASTE-REDUCTION PROGRAMS:

#### PAPERLESS PAYROLL

This year we implemented paperless payroll. One-third of our employees enrolled in direct deposit and paperless pay stubs.

We saved roughly

- 1,200 sheets of paper
- 1,200 envelopes
- 1,200 stamps

... plus the carbon footprint of delivery.

We hope to enroll more employees for an even bigger impact in 2019.

#### WORKING WITH SUPPLIERS

We removed an average of two pounds of shrink-wrap daily from our recycle bins by working with suppliers to cut unnecessary packaging—and that's just one example of many.

We selected an export keg supplier 291 miles closer to our brew house, reducing travel distance by 53% per shipment.

We selected a shipping pallet supplier 82 miles closer to our brew house, reducing travel distance by 32%.

#### MORE EFFICIENT EQUIPMENT

With our new bottling machine, we generated 50% fewer “low-fills” in 2018 compared to 2017.



Photo by Ron Fox

“Oak Printing Company is SO proud to be North Coast Brewing Company’s partner and to play a part in their sustainability efforts. We are absolutely engaged in working on B Corp and sustainability initiatives for Oak because North Coast Brewing inspired us, and most importantly because it’s just the right thing to do for the world we live in.”

- Cathleen Evans,  
National Sales Director Oak Printing

# WHAT DOES IT TAKE TO MAKE A BARREL OF BEER?

1 BARREL = 31 GALLONS = 2 STANDARD KEGS = 330.67 BOTTLES

You know about the hops, barley and yeast that goes into making our beer, but what else does it take?

## 12.52 KWH ELECTRICITY

VS. INDUSTRY MEDIAN 28 KWH\*

We are in the top 25% of breweries\* for energy efficiency and we just keep getting better. In 2018, our solar array produced almost 120,000 kWh. Considering that one kilowatt hour can power ten 100-watt light bulbs for an hour, that's a lot of energy.

## 7.7 POUNDS CO2

VS. INDUSTRY MEDIAN 8 POUNDS CO2\*

We reduced our carbon dioxide use by 21.5% in 2018.

## 1.59 GALLONS PROPANE

This is down 1.9% compared to 1.62 gallons in 2017.

## 136.7 GALLONS WATER

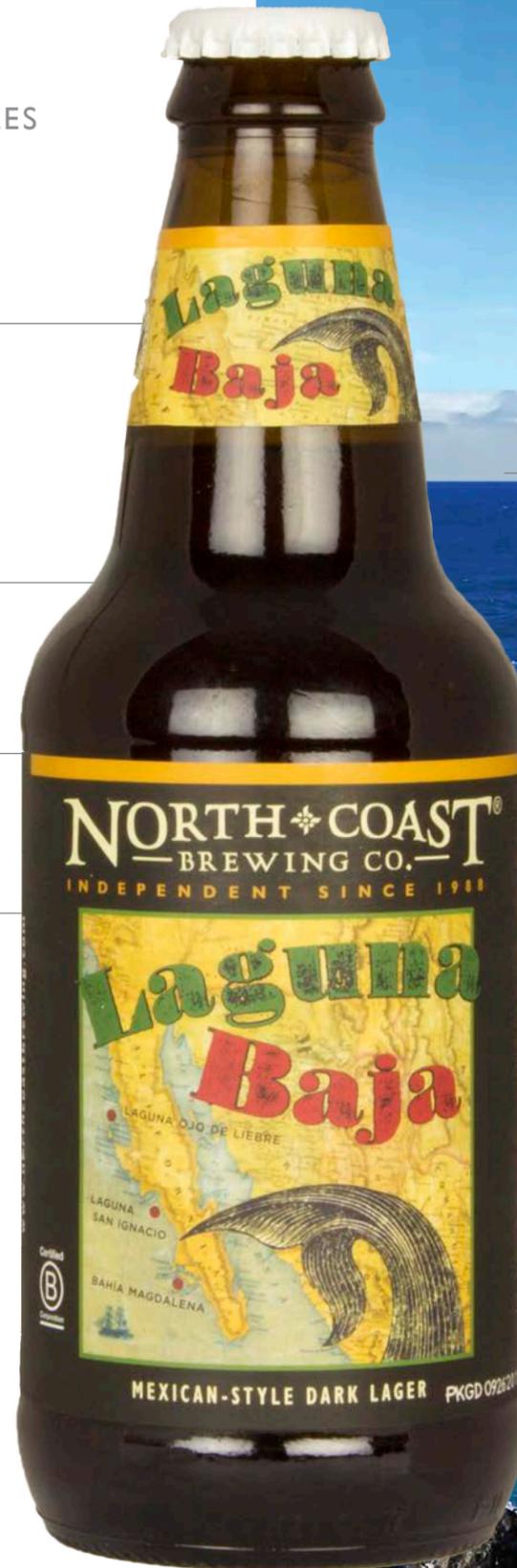
VS. INDUSTRY MEDIAN 176.7 GALLONS WATER\*

We are in the top 25% of breweries\* for water efficiency.

**In 2018 we captured and reused 2.65 million gallons of water** from our brewing and bottling processes - that's about four Olympic-sized pools' worth of water.

## ALL DATA INCLUDES THE PACKAGING PROCESS

\*Source: Brewers Association 2017 Sustainability Benchmarking Report



# CARBON FARMING WITH FORTUNATE FARM

We have a wonderful partnership with Fortunate Farm. In 2018, they composted 1.65 million pounds of our spent grain, 470,168 pounds of our yeast slurry, and 231,264 pounds of our spent hops. To allow composting during wet winter months, we constructed a permanent 35'w x 100'L x 22'T hoop house/greenhouse.

From left to right: Farm Manager, Gowan Batist, Production Manager, Megan Issacs, and Operations Manager, Cameron Crockett.



“The carbon sequestration and carbon farming research projects we’re executing with North Coast Brewing Company have a direct, positive impact on our local community and the health of our planet. My family and I had been looking at this farm but didn’t see it as something that was possible for us. Through working with North Coast Brewing we were able to make it a reality.”

- **Gowan Batist**  
Farm Manager at Fortunate Farm

In partnership with Fortunate Farm, our carbon sequestration and carbon farming research projects continued in 2018:

- A 5-year transect study with the Jefferson Center for Holistic Management to monitor pasture health while rotationally grazing, applying spent grain compost, removing invasive plant species and growing biodiversity
- Soil sampling with Fibershed Citizen Science to measure the carbon sequestration of spent grain composting
- Implementation of the 20-year Carbon Farm Plan written in 2017



The vegetables produced in Fortunate Farm’s one-acre market heirloom vegetable garden come back to feed our community of patrons in our Taproom Restaurant & Bar in a closed-loop system. This year, the garden was fully converted to no-till, where the soil continues to benefit from spent grain compost applications.

## EMPLOYEE ENGAGEMENT

In response to our 2017 Employee Satisfaction Survey, we improved communication by implementing the following:

- More frequent team meetings
- Quarterly leadership development meetings with managers
- Implementation of Slack
- Break-room monitors displaying key information.

We continued our incentive program for employees who provide waste-reduction ideas we implemented. In 2018 three employees earned gift certificates for their great ideas, one of which was the paperless payroll system.

Furthermore, when our new filler machine allowed us to reduce the number of bottling line employees, instead of letting them go, we reassigned them to other positions.

We're honored that so many of our employees have been with us for several decades. We believe this is a reflection of our efforts to create a healthy and engaging workplace, including health insurance for all employees who work more than 30 hours/week. We keep it affordable by charging each employee less than \$10/pay period to participate!

## HEAL

Helping Employees Access Loans

Available to ALL Certified B Corp employees in Mendocino County

To support our employees' quality of life, we continue to offer financial assistance for unforeseen expenses through our HEAL Program (Helping Employees Access Loans) in partnership with the Savings Bank of Mendocino County. Employees repay these short-term loans through payroll deduction, assuring their payments occur on time every time. Not only do they benefit from the loan, employees also build good credit that can open the door for other opportunities in the future.

**"I used the HEAL loan program to pay for medical bills. The process was very simple, there was an easy application to fill out that I got from HR and turned back into HR. After that it only took a few days to get a check from the bank. Paying it back has been super easy because the payments (which are low!) just come directly out of my paycheck. This really has been the easiest loan I have ever gotten."**

- anonymous, HEAL loan recipient

**33 EMPLOYEES (APPROX. 25% OF OUR EMPLOYEES!) REPORTED VOLUNTEERING IN THE COMMUNITY, GIVING A TOTAL OF 1,107 HOURS OF THEIR SKILLS AND TIME TO NONPROFIT ORGANIZATIONS AND WORTHY CAUSES.**



# NON-GMO PROJECT VERIFIED

We're proud to have 14 of our core beer brands Non-GMO Project Verified. This year, Beachmaster Imperial IPA, Belgo-Style Dry-Hopped Pale Ale, Laguna Baja and our Cranberry-Quince and Passion Fruit-Peach Berliner Weisse beers joined our Non-GMO line-up!

- Berliner Weisse Cranberry-Quince
- Berliner Weisse Passion Fruit-Peach
- Berliner Weisse Tart Cherry
- Blue Star Wheat Beer
- Brother Theloniuous - Belgian Style Abbey Ale
- Laguna Baja Mexican-Style Dark Lager
- Le Merle Saison - Belgian Style Farmhouse Ale
- North Coast Steller IPA
- Old No. 38 Stout
- Old Rasputin - Russian Imperial Stout
- Old Stock Ale
- PranQster - Belgian Style Golden Ale
- Ruedrich's Red Seal Ale
- Scrimshaw - Pilsner Style Beer



# SUSTAINABLE SUPPLY CHAIN

**22.9%**  
OF OUR RETAIL STORE  
MERCHANDISE  
IS FROM  
SUSTAINABLE  
VENDORS

**59.7%**  
OF OUR  
RETAIL STORE  
MERCHANDISE  
IS MADE  
IN THE USA

**33.2%**  
OF OUR TAPROOM  
RESTAURANT  
SUPPLIES CAME  
FROM SUSTAINABLE  
VENDORS



Photo by Sharon Garner

WE SOURCE LOCALLY WHENEVER POSSIBLE.  
Some of our local vendors (within 200 miles of our rural locale) include:



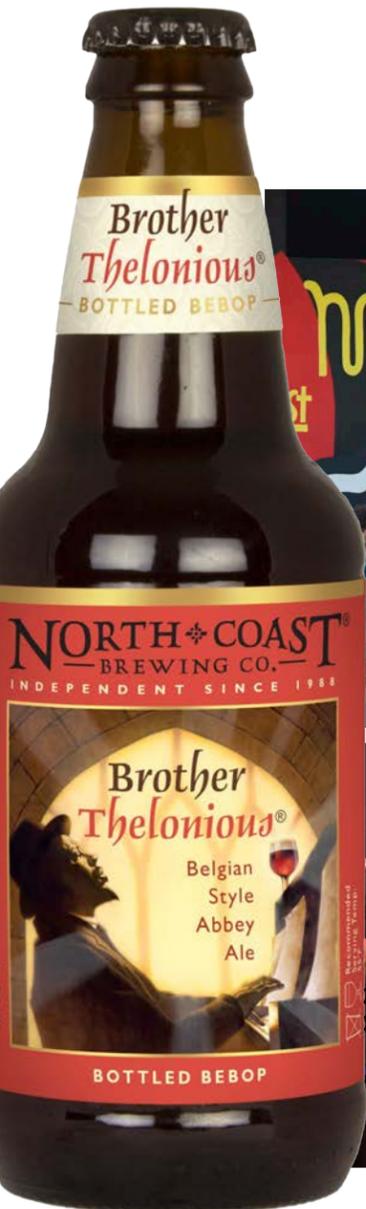
“We are thrilled to have partnered with North Coast Brewing Company this year. As a fellow B Corporation, our partnership was born of a deep sense of alignment and shared values - what we call “The Will to be Great.” It is not only our job, but our pleasure, to share the amazing stories about North Coast Brewing. They are committed to doing right by the world and we couldn’t be more proud to work with them.”

- Paige Campbell,  
President/Owner of Grady Britton

# GIVING BACK

2018 TOTAL CHARITABLE GIVING \$225,923

- 47% ENVIRONMENTAL CAUSES
- 39% PERFORMING ARTS & MUSIC
- 6% EDUCATION
- 5% CULTURAL
- 4% HEALTH & WELLNESS



Photos courtesy of Monterey Jazz Festival



“The Monterey Jazz Festival is so fortunate for the long-standing partnership with North Coast Brewing Company, a company that demonstrates its sincere commitment to making the world a better place. Together we are transforming the lives of thousands of young people through jazz music.”

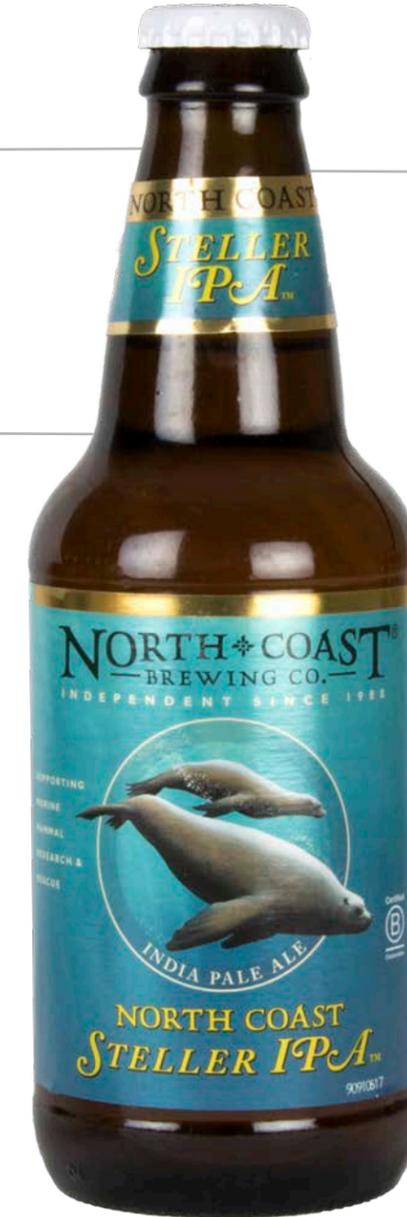
- Colleen Bailey, Executive Director of the Monterey Jazz Festival

NORTH COAST BREWING HAS PLEDGED A PORTION OF THE PROCEEDS OF EVERY BOTTLE AND KEG OF NORTH COAST STELLER IPA TO MARINE MAMMAL RESEARCH AND RESCUE through the North Coast Brewing Company Marine Mammal Research Fund, a project of The Ocean Foundation.



“This support from North Coast Brewing allows us to make sure we have all the resources in place to provide the very best care for these animals while learning about their ocean home.”

- Dr. Jeffrey Boehm, Executive Director of The Marine Mammal Center



“We are in classrooms teaching kids about marine mammals in their oceans. We’re out in the tide pools doing surveys to see how our oceans are changing. These are the kinds of things that our partnership with North Coast Brewing will help us continue to grow and build.”

- Sheila Semans, Executive Director of NOYO Center for Marine Science

IN 2018, THIS COMMITMENT RESULTED IN **\$55,907 DONATED** TO SUPPORT OUR THREE PARTNER NONPROFITS



SUSTAINABLY CRAFTED &  
INDEPENDENT SINCE 1988

