

NORTH COAST[®] — BREWING CO. —

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



2019 SUSTAINABILITY REPORT

A LETTER FROM OUR NEW CEO JEFF OTTOBONI

Since its founding in 1988, North Coast Brewing Company (“NCBC”) has been focused on crafting the highest quality beer while also taking care of its employees, community and the environment. We love making great beer and sharing it with those people who matter most in our lives.

While the quality of our beer and our commitment to social and environmental responsibility have remained constant, NCBC has experienced some significant internal changes in the past year. Our co-founder and original Brewmaster, Mark Ruedrich, semi-retired to become our President Emeritus, and another partner, Doug Moody, fully retired from daily operations. In December 2019, I was hired to serve as the Brewery’s Chief Executive Officer to move NCBC forward in a manner consistent with its Founders’ vision. I am honored to be here and want to assure all of our stakeholders that I am committed to the same values that have brought NCBC to this point in its history.

In 2019, NCBC was honored as Best for the Environment by B Lab, the non-profit behind the B Corp movement. This means that our environmental performance scored in the top 10% of all Certified B Corps worldwide! This is heady territory, and we seek to continuously improve our performance through maintaining our B Corp Certification, our TRUE Zero Waste Platinum Certification and our Non-GMO Project Verified status for all of our core beers.

Our dedication to great beer is matched by our strong ethos of giving back, from supporting the next generation of jazz musicians to funding marine mammal research and rescue. We continue to believe that a responsible business must focus on taking care of all of its stakeholders (employees, community, and the environment in addition to shareholders), and that it must work tirelessly to create a positive impact in the world.

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 NCBC successfully pursued its public benefit purpose in 2019. Our Board of Directors comprises our company’s material owners: Ruedrich, Moody and Tom Allen.

We are grateful to our employees, customers, partners, vendors and fellow B Corps who have supported our mission. Know that our values guide our every action every day. Thank you as always for your support.

I am thrilled to lead North Coast Brewing Company at such a pivotal time in its evolution. Its mission and values have created such an indelible impression in a short time. We all count ourselves lucky beyond measure to be a part of it.

Cheers to many more years!
Jeff



Best For
The World
2019 Environment
Honoree

A BIT OF OUR HISTORY

Here are just a few of our milestones and highlights from over the years. Visit our website to find out more.



BUSINESS LEADERSHIP & FACILITIES



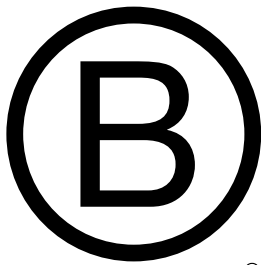
BEER RELEASES



AWARDS & CERTIFICATIONS



Certified



Corporation

This company meets the highest standards of social and environmental impact

WE'RE PROUD TO BE A CERTIFIED B CORP!

We hold ourselves to a very high standard, and we believe that it's important for businesses to seek third-party verification for claims of social and environmental responsibility. Back in 2015, we attempted and achieved the gold standard: B Corp Certification.

B Lab is the independent nonprofit that awards B Corp Certification to companies that meet their rigorous standards for verifiable, positive social and environmental performance, transparency and accountability.

When we re-certified in 2017, our score increased by almost 20 points to 100.2, earning us a 2018 Best for the World: Changemakers honor. Our improved score and continuous improvements also put us on the 2019 Best for the World: Environment list, an honor we share with Certified B Corps scoring in the top 10% of all Certified B Corps for their environmental metrics.

We are preparing for our next B Corp Re-Certification in 2020, and we look forward to the process as it is an opportunity to examine all of our practices to ensure that we are doing our best by all of our stakeholders.

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

NORTH COAST BREWING COMPANY'S 2018 B IMPACT REPORT

100.2

	Score
ENVIRONMENT	44.1
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
WORKERS	17.3
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
COMMUNITY	22.9
Job Creation	2.7
Diversity & Inclusion	3.5
Civic Engagement & Giving	6.5
Local Involvement	5.5
Suppliers, Distributors & Product	4.5
GOVERNANCE	15.9
Mission & Engagement	1.8
Corporate Accountability	.5
Ethics	1.1
Transparency	2.2
Mission Locked	10
TOTAL	100.2



Certified  Best For The World 2019 Environment Honoree



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 go into making our beer, but what else does it take?



13.3 KWH ELECTRICITY

VS. INDUSTRY MEDIAN 28 KWH*

(an increase of 6% over 2018)

We believe this increase was due to a higher demand for bottles vs. kegs (which are more energy intensive to produce) and also due to 2 of our 5 solar array inverters being inoperable for a significant portion of the year, resulting in a need for more purchased energy.

Our solar array produced 103,299kWh in 2019.

7.55 POUNDS CO2

VS. INDUSTRY MEDIAN 8 POUNDS CO2*

(a decrease of 1.9% from 2018)

1.56 GALLONS PROPANE

(a 1.9% decrease from 2018)

137.95 GALLONS WATER

VS. INDUSTRY MEDIAN 176.7 GALLONS WATER*

(a slight increase of 0.9% over 2018)

ALL DATA INCLUDES THE PACKAGING PROCESS

*Source: Brewers Association 2017 Sustainability Benchmarking Report

Learn more about why we use MicroStar Kegs on page 17.



ZERO WASTE CERTIFIED

IN 2019 WE DIVERTED 98.5% OF OUR SOLID WASTE AWAY FROM THE LANDFILL!

Every year we monitor and report on our waste reduction efforts to maintain our TRUE Zero Waste Platinum certification.

NON-GMO PROJECT VERIFIED

14 of our core beer brands are Non-GMO Project Verified, because we believe consumers have a right to know what's in their food. And, let's face it, beer is food.

- Berliner Weisse Cranberry-Quince
- Berliner Weisse Passion Fruit-Peach
- Berliner Weisse Tart Cherry
- Blue Star Wheat Beer
- Brother Thelonious - 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



CARBON FOOTPRINT

Like many businesses, we have begun to measure our carbon footprint by calculating our Scopes 1 and 2 emissions, which are direct emissions from our owned or controlled sources. For us, that means the fuel used by our company vehicles and to heat our water, and the electricity we purchase to run our operations.

SCOPE 1 - Company-wide use of propane, gasoline and diesel
577.78 metric tons of CO₂e

+

SCOPE 2 - Company-wide use of purchased electricity
700.24 metric tons of CO₂e

TOTAL ESTIMATED CARBON FOOTPRINT
1278.0 metric tons of CO₂e

In 2019 we used the GHG emissions calculator provided by the Bonneville Environmental Foundation (a different methodology than in years past).



CARBON FARMING WITH FORTUNATE FARM

Through our ongoing partnership with Fortunate Farm, we continued to compost the vast majority of our spent grain, hops and yeast slurry at the farm.

The compost made from these brewing byproducts is applied to improve the farm’s soil health. These efforts are guided by our 20-year Carbon Farm Plan developed in 2016.

The results to date?

- Soil Organic Matter where we have applied brewery compost has increased from less than 3% to 6%
- This soil can hold and filter an additional 60,000 gallons of rain per acre per year
- Increased Soil Organic Matter means we grow more nutritious food for the Taproom and community

We are participating in 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.

“Everything the farm does is in service of our Carbon Farm Plan, with the goal of drawing down atmospheric carbon.”

- Gowan Batist
Farm manager and co-owner of Fortunate Farm



BOTTLES TO CANS... AN ADVENTURE STORY



WHY CANS?

Cans are lighter, break less, protect the beer from light exposure, and you can fit more beer in a truckload. They require less cardboard packaging to protect and carry them, and are made from 73% recycled content. Consumers recycle cans at almost twice the rate of plastic and glass. Our fans were asking for Scrimshaw in a can for more versatility in taking Scrimshaw wherever they go.

Scrimshaw Pilsner Style Beer – in a can! Great idea! The label reads, “Water, Malted Barley, Hops, Yeast & That’s All.” Easy. That’s what we thought. The hard part was going to be where to put the canning line. Our 10,000 sq. ft. brewery was already packed floor to ceiling. We’d even maxed out the real estate on the roof with tanks, solar and a mill tower. There was nowhere to go. Mobile canning was out; not enough capacity and too many factors out of our control. We’re picky.

How do we maintain the quality and character of our beloved award-winning beer if we don’t can it in-house? The answer came in the form of fellow Class of ’88 craft brewing pioneer Dan Gordon of Gordon Biersch Brewing Company, who shares our passion, experience and disciplined brewing philosophy. Dan was installing a state-of-the-art canning line and was enthusiastic about working closely with our brewmasters, Patrick Broderick and Chuck Martins, to follow our recipe and methods.

In early summer 2019, after lengthy discussion and consideration, both parties agreed that a successful brewing partnership could be established and we set to work. Test brewing began in September with NCBC providing hops and our proprietary house yeast.

The early test beers were good. They just weren’t quite Scrimshaw. Producing our same high quality, sustainable product with our integrity and consistency in a can proved challenging, but Patrick, Chuck and Dan kept working on it, determined to succeed.

They nailed it! Now distribution of Scrimshaw in cans is flowing across the country. Cheers!



SUSTAINABLE SOURCING

We work hard to purchase from supplier companies that are conscientious about their impacts on the environment and people, and we support our local and regional economy as much as possible.

IN OUR RETAIL STORE:

22%
OF OUR
MERCHANDISE
IS FROM
SUSTAINABLE
VENDORS

78%
OF OUR
MERCHANDISE
IS MADE
IN THE USA

30%
OF OUR
MERCHANDISE
CAME FROM WITHIN
200-MILES



IN OUR BREWERY: WE SOURCE LOCALLY WHENEVER POSSIBLE.

Some of our local vendors include:



EMPLOYEE ENGAGEMENT

At NCBC, we are both a team and a family. Many of our employees have been with us for 10, 20, or even 30 years or more. We value each person’s unique perspective and strive to create an environment in which every person feels heard and valued.

Volunteerism continues to be very important to NCBC, and in 2019 employees recorded a total of 373 hours of volunteer time with organizations throughout our community. We continued our annual beach clean-up event to help preserve the natural beauty and health of the ecosystem right outside our back door. And of course, we participated in and donated to nonprofit events and causes in every one of our key markets, because we believe in supporting those who support us.

We remain committed to improving our internal communications to enhance this sense of community within the company. Daily pre-shift meetings at the pub (for example) bring everyone up to speed on specials, availability, and special events in our Sequoia Room venue. And NCBC uses a variety of methods, such as online collaboration platforms, to provide additional visibility into each team’s role and to ensure efficient and timely communications as part of our company ethos and B Corp commitment to employee engagement.



We installed a new palletizer to reduce employee risk of injury from lifting and stacking. The robot has been named “Haagy” after a beloved long-time co-worker who passed away in 2019.



Our employees continue to benefit from our HEAL loans, offered to local B Corps by partner Savings Bank of Mendocino County. These short-term emergency loans allow our employees to address life’s unexpected needs while building their credit score.

HEAL

Helping Employees Access Loans

Available to ALL Certified B Corp employees in Mendocino County



COMMUNITY GIVING

No matter which of our beers is your favorite, your patronage supports good causes and all of the ways we minimize our footprint and give back, every day:

Carbon farming/sequestration, Zero Waste brewing operations, B Corp-related initiatives, community donations, and more!

2019 TOTAL
CHARITABLE
GIVING
\$205,590

- 25.2% ENVIRONMENTAL CAUSES
- 45.6% PERFORMING ARTS & MUSIC
- 3.6% EDUCATION
- 13.5% CULTURAL
- 4.1% HEALTH & WELLNESS
- 8.0% COMMUNITY SUPPORT

TWO OF OUR BEERS GIVE EXTRA.



Photos courtesy of Noyo Center for Marine Science

Proceeds from the sale of this lovely IPA support the North Coast Brewing Company Marine Mammal Research Fund, a project of The Ocean Foundation.

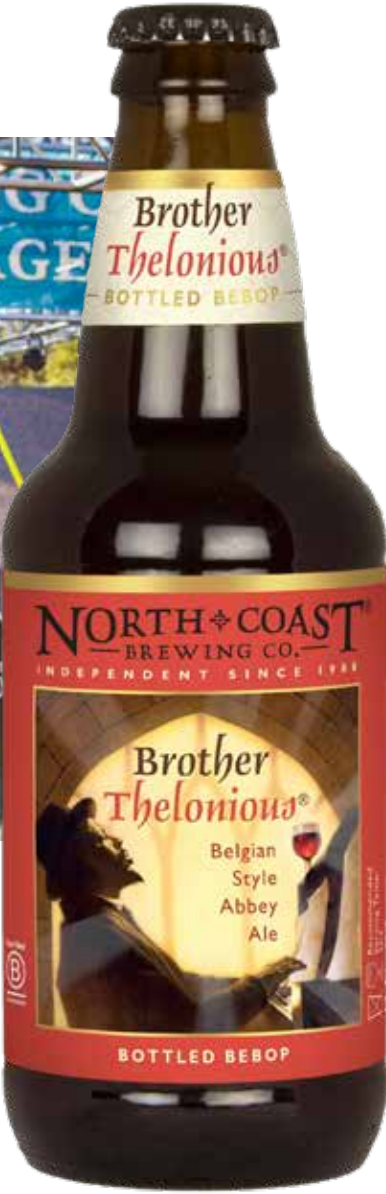
IN 2019, NCBC CONTRIBUTED \$42,146* TO THESE 3 NONPROFITS TO CONDUCT MARINE MAMMAL RESEARCH AND RESCUE:



Dedicated to keeping the culture of American jazz alive, a portion of proceeds from every bottle and keg sold of Brother Thelonious Belgian style abbey ale goes to the year-round jazz education programs of the Monterey Jazz Festival. In 2019, this added up to \$42,312!*

IN 2019, NCBC DONATED A TOTAL OF \$93,825* TO SUPPORT LIVE PERFORMING ARTS AND MUSIC.

*These figures are included in the \$205,590 charitable giving total



ONE PINT AT A TIME

In 2019 we launched our One Pint at a Time Initiative to shine a light on the brewery’s sustainability-driven, philanthropic efforts and to highlight our commitment to making the world a better place, one pint at a time.

We are proud of the positive response to this initiative, and hope that it serves as a model for other breweries – and for businesses in other industries as well – to prioritize social equity and environmental responsibility.

Our status as a California benefit corporation helps ensure that our values stay constant even in times of change.



WE WOULD LIKE TO TAKE THIS OPPORTUNITY TO ACKNOWLEDGE THE AMAZING LEADERSHIP OF OUR DYNAMIC BOARD TRIO:



MARK RUEDRICH

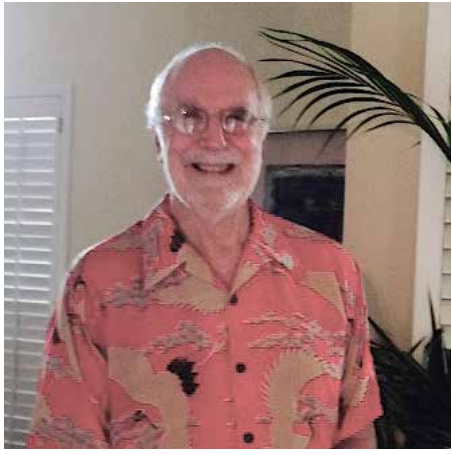
Founding partner and Brewmaster Mark Ruedrich was born in the Bronx and grew up in Poughkeepsie, NY. While a teenager, the family moved to North Carolina where he finished high school and graduated with honors from North Carolina State with a degree in Zoology. During a stint in England with his wife, Merle, Mark discovered the range of flavors in English ales. Upon his return to CA, he settled on the Mendocino Coast and with two other partners, founded NCBC in 1987. Mark’s beer creations include the classics Old Rasputin Russian Imperial Stout and Scrimshaw Pilsner Beer. He is currently NCBC’s President Emeritus and continues to offer his insight and guidance to the NCBC management team.



DOUG MOODY

Santa Monica native Doug Moody spent the first 4 decades of his life in Southern California where he worked in Commercial Banking. He was active in his church while raising three daughters and a son. Upon his move to the Mendocino Coast in 1993 he became an active member of the community, serving on local boards and hosting jazz programs for the local public radio station. He joined the NCBC team in 1996 and became a key member of the management group, eventually taking over for one of the original partners. Although Doug has since retired to San Juan Capistrano to spend time with his extended family, he still plays an active role in NCBC.

Photo by Sharon Garner Photography



TOM ALLEN

Tom Allen grew up in Huntington, West Virginia and has a BA in Psychology from Ohio Wesleyan University. After three years as an Air Force Officer, he had a career as an advertising executive in New York with Ogilvy & Mather and in San Francisco with Young & Rubicam serving clients including Colgate, Ocean Spray, Borden and Pfizer among others. He and his wife Susan moved to the North Coast of California in 1985 where they bought and restored an inn. Through the restoration work, he met Mark Ruedrich with whom he co-founded NCBC. He has two lovely daughters and an equally lovely granddaughter. Through the years, he has been actively involved in conservation and arts organizations.

ALL OF US AT NORTH COAST BREWING CO.
APPRECIATE YOUR INTEREST IN OUR
SUSTAINABILITY EFFORTS. WE ARE PROUD OF
WHAT WE HAVE ACCOMPLISHED THUS FAR AND
LOOK FORWARD TO FURTHER IMPROVEMENTS IN
THE YEARS TO COME AS WE MAKE THE WORLD
A BETTER PLACE, ONE PINT AT A TIME.



**SUSTAINABLY CRAFTED &
INDEPENDENT SINCE 1988**

