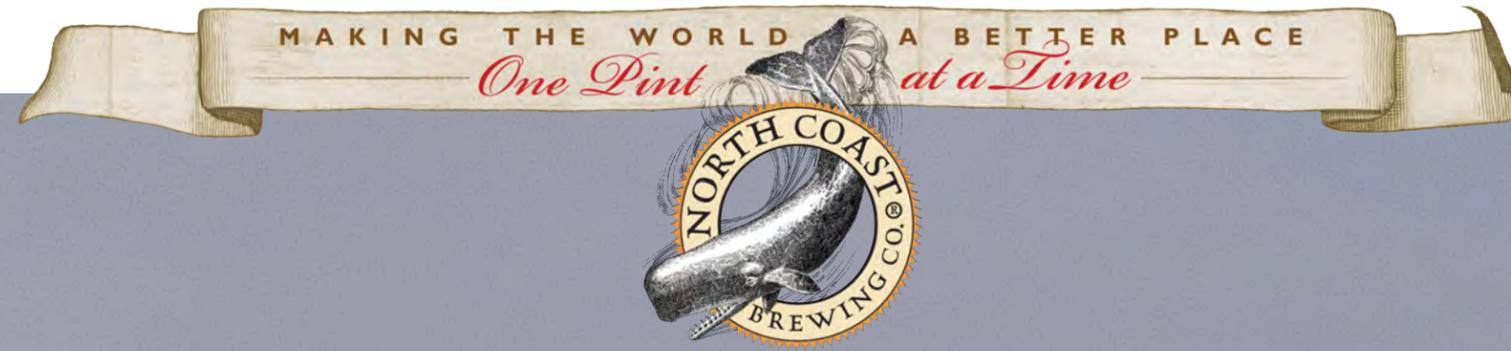


NORTH COAST[®] — BREWING CO. —

INDEPENDENT SINCE 1988



2020 SUSTAINABILITY REPORT



OUR MISSION:

“MAKING THE WORLD A BETTER PLACE, ONE PINT AT A TIME”

A LETTER FROM OUR CEO

Our world changed a lot last year—for the 7.8 billion people on the planet and for the nearly 100 people here at North Coast Brewing Company. Obviously, none of us could have predicted that 2020 would be the year a novel coronavirus would obliterate our collective definition of normal.

And yet, it is precisely these times when many of us seek the comfort of familiar routines, like having a delicious beer with a hearty meal surrounded by friends. For a while, we were unable to do that safely. We closed our taproom, pub, and cancelled live music in the Sequoia Room. When some restrictions lifted, we created a beautiful COVID-safe pub in our parking lot, serving up cold beer and a menu of our classics, like fish and chips. We ran lean in every department, but we kept at it and our community showed up with renewed enthusiasm for the simple things like sharing food and drink on the coast.

In many ways, 2020 offered us the opportunity to get back to basics and re-examine what we mean by our mission to make the world a better place, one pint at a time. We focused on protecting the physical and financial well-being of our employees. We continued to make the beer we love and support the causes we believe in, from music education, to healthy coastal and oceanic ecosystems, and so much more. This year’s report highlights the elements that make North Coast Brewing Company special: our practices, our people, and our products.

As an independent craft brewery, we are capable of adapting quickly when the need arises. When the pandemic first hit, we made the difficult decision to furlough some staff, but I’m proud that we were able to bring everyone back to full capacity by summer. By that time, we were more prepared to meet the challenges as they came. We shifted our business model to address lower demand from restaurants and bars and increased demand from individual consumers. We confirmed that our employees were every bit as dedicated, skilled, and thoughtful as we could have hoped.

We reckoned with more than a pandemic in 2020: across the country, we grappled with social and racial justice issues. The tumultuous events of this year reinforced our need to promote diversity in the brewing industry. This year, we funded an endowment to the UC Davis Master Brewer program to support brewers of color. We hope and believe this scholarship program, named for one of our founders, Mark Ruedrich, will help brewers of color thrive and inspire other breweries to give back too.

As we move ahead, we’ll continue to embody our values through social and environmental leadership.

With gratitude,
Jeff Ottoboni



Certified



This company meets the highest standards of social and environmental impact

Corporation

When we certified as a B Corp in 2015, we already had a strong track record of making beer sustainably, giving back, and supporting our employees. As a B Corp, we operate within a structure that keeps us accountable to our stakeholders and on the cutting edge of best practices.

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. B Lab postponed all recertifications in 2020 because of the pandemic, but we are working through the process in 2021.

Board of Directors Statement: As a California benefit corporation, North Coast Brewing Company acted in accordance with its general public benefit purpose in all material respects during the period covered by the report. There is no material financial relationship between our Directors – who are NCBC’s material owners – and the organization that established the third-party standard (B Lab) against which our performance is measured in this annual report.



Learn more about B Corps at bcorporation.net and see what the B Corp movement is about by watching the above video.



NORTH COAST BREWING COMPANY'S 2018 B IMPACT REPORT

100.2

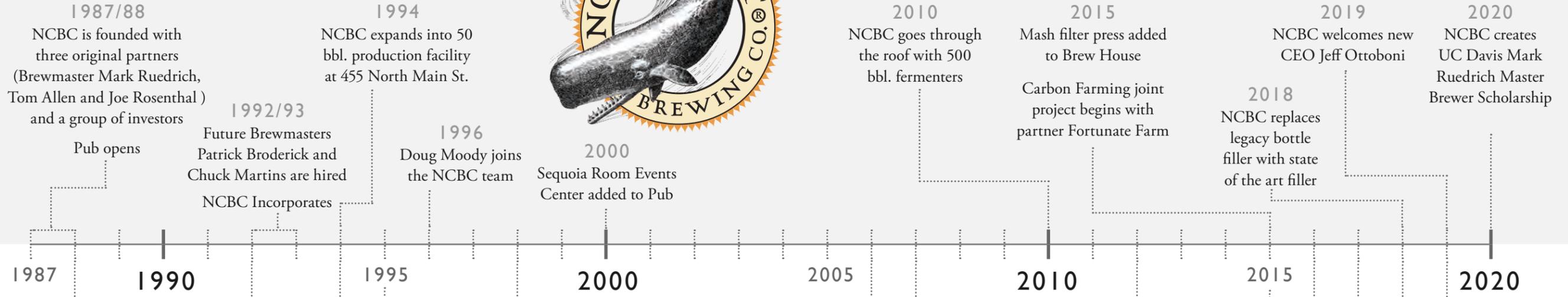
	Score
ENVIRONMENT	44.1
Land, Office & Plant	6.2
Inputs	8.0
Outputs	4.7
Transportation, Distribution & Suppliers	2.7
Designed to Conserve Manufacturing Process	21.0
Toxic Reduction / Remediation	1.3
WORKERS	17.3
Compensation & Wages	4.0
Benefits	5.7
Training & Education	0.8
Worker Ownership	2.6
Management & 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

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



OUR PRACTICES

OUR PRACTICES SET US APART

We began in 1988 with a commitment to giving back to our community and prioritizing sustainability at all levels. In 2020, we expanded our community giving program even further.

COMMUNITY GIVING

At North Coast Brewing Company, our beers do good. Every beer supports our partnership with Fortunate Farm and community giving programs.

Although our revenues were down in 2020, we maintained our commitment to philanthropy by giving back at the same proportion we always have.



2020 GIVING BREAKDOWN

35% ENVIRONMENTAL CAUSES

3% CULTURAL

2% COMMUNITY

2% HEALTH & WELLNESS

1% MUSIC & THE ARTS

57% EDUCATION

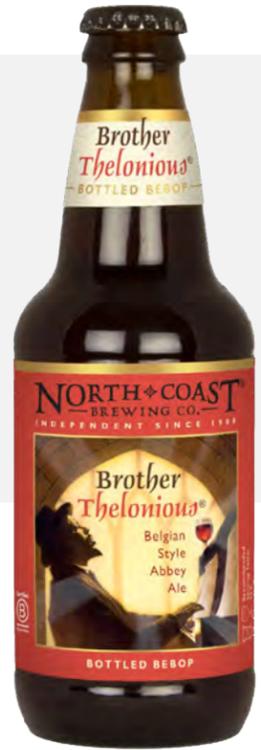
TWO OF OUR BEERS DO MORE

Every bottle, keg, and item of merchandise sold of these two beers supports organizations that support their cause!



\$25,903

raised in 2020 for
MARINE MAMMAL RESEARCH & RESCUE



\$30,270

raised in 2020 for
JAZZ EDUCATION

UC DAVIS BREWING PROGRAM

In 2020, we expanded our giving by establishing the Mark Ruedrich Scholarship, an endowment at UC Davis for students of color in the Master Brewer certificate program.

“I am gratified to be a part of this important step forward. Diversity on every level is all important in our world today and should be fostered and encouraged within the craft brewing industry. This can only lead to richer innovation and creativity.”

- Mark Ruedrich,
Co-founder & President

OUR CARBON FOOTPRINT

ENERGY | WATER | WASTE

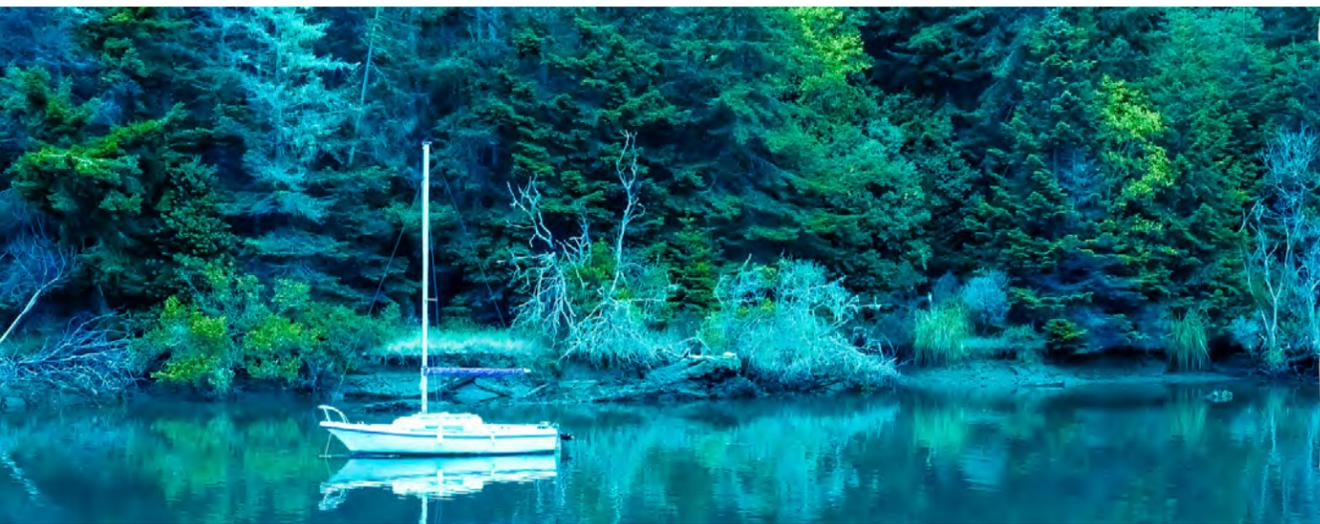
Our carbon footprint was lower in 2020 because the pandemic slowed our production. As production returns to typical levels, we will use the lessons we learned about efficiency with us into the future.

Scope 1 and 2 emissions are calculated from our owned or controlled sources. At NCBC, that means the fuel used by company vehicles, heat for water, and the electricity we purchase to run operations.

SCOPE 1 - Company-wide use of propane, gasoline and diesel
448.84 metric tons of CO₂e
 +
 SCOPE 2 - Company-wide use of purchased electricity
584.44 metric tons of CO₂e

TOTAL ESTIMATED CARBON FOOTPRINT
1033.28 metric tons of CO₂e

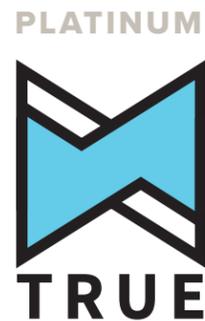
We used the GHG emissions calculator provided by the Bonneville Environmental Foundation.



ZERO WASTE CERTIFIED

IN 2020 WE DIVERTED 97.2% 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.



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?



In 2020, even though our carbon footprint was smaller than last year, the lower production volume and the shift from keg orders to more bottles reduced efficiencies. With bars and restaurants closed, our 6-pack and case sales, which had previously made up about 50% of sales, grew closer to 85%.

16.9 KWH ELECTRICITY
 VS. INDUSTRY MEDIAN 27 KWH*

(an increase of 27% over 2019 - NCBC continues to place in the top 25% of similarly sized breweries for energy efficiency*)

7.93 POUNDS CO₂

VS. INDUSTRY MEDIAN 9 POUNDS CO₂*
 (an increase of 5% over 2019)

1.81 GALLONS PROPANE

(an increase of 16% over 2019)

149.73 GALLONS WATER

VS. INDUSTRY MEDIAN 179.8 GALLONS WATER*
 (an increase of 8.4% over 2019)

ALL DATA INCLUDES THE PACKAGING PROCESS

*Source: Brewers Association 2014-2018 Sustainability Benchmarking Report



PARTNERSHIP WITH FORTUNATE FARM - CASPAR, CA

In 2016, we collaborated with Fortunate Farm to build a visionary 20-year carbon farming plan. 2020 marks year six of this endeavor and we are starting to see significant progress. A core element of this project supports our zero waste goals by composting the spent grain, hops, and yeast slurry generated in the brewing process. As compost is spread onto the land at Fortunate Farm, we are monitoring the soil and organic matter by testing every five years. Soils will be tested next in 2022.

As the climate changes and makes more extreme weather more likely, it's imperative that we do what we can to support resilient ecosystems. Not only do we address our waste stream through this partnership, but we also do our part for the food system and environment.

LAND STEWARDSHIP

PRACTICES USED AT FORTUNATE FARM THAT BUILD HEALTHY SOILS, IMPROVE WATER RETENTION & FILTRATION, AND SEQUESTER CARBON:

- biodiverse crop rotations
- minimal tilling
- cover cropping
- rotational grazing
- silvopasture



NATIVE HABITAT REGENERATION & INVASIVE SPECIES REMOVAL USING ORGANIC METHODS AT FORTUNATE FARM



Remaining non-native shrub and tree materials were used to build a hugelkultur, which is essentially a pile of woody organic matter that serves as a foundation for plants. The plants grow on a mound, while the wood slowly breaks down over time and releases nutrients into the soil, feeding the plants growing from it.

Non-native trees were removed and milled for timber and will be used for future construction at the farm.

Five acres of gorse were removed and replaced with native plants through grant funding awarded to the community of Caspar.

Gorse contains oils that are highly flammable. Combined with the removal of 20 non-native trees, the land's flammable load has been significantly decreased and is more fire-ready. In fact, there was a small fire in summer 2020, during the peak of California's most destructive wildfire season. It occurred after the gorse was removed and replaced with native plants, many of which have co-evolved with seasonal fire and prescribed burns. The fire was contained and extinguished quickly, without damage to the land.



Above: Sheep grazing on gorse and pasture as part of Fortunate Farm's integrated approach to invasive plant management.

Left: The invasive and prickly gorse plant.

OUR PEOPLE

EMPOWERING & PROTECTING OUR PEOPLE

Navigating the pandemic as a company highlighted the importance of our people. We always thought of our team as essential, but their commitment through this hardship was extraordinary.

We put employee safety first and are growing our support for our team through these initiatives:

- Improved employee benefits by:
 - increasing sick leave over mandatory minimums
 - increasing the number of paid holidays
- Maintained health benefits - without any payback requirement - for all employees affected by Covid-19, including employees initially laid off or furloughed
- Invested in diversity, equity, and inclusion through company-wide learning
- Developed programs to build employee skill sets and promote from within
- Set a goal to reimburse employees at all levels for their investments in furthering their education in 2021

Ongoing benefits include the HEAL loan program, 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.

“We have an obligation to our employees, our community and our world to do what is right at all times and in this case, the best way to do that – to create meaningful, long-lasting change – is through education.”

- Jeff Ottoboni, CEO

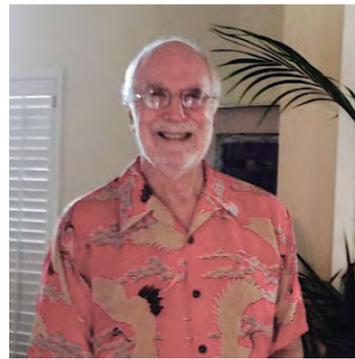
NCBC BOARD OF DIRECTORS



MARK RUEDRICH
Founder | President



DOUG MOODY
Board Director



TOM ALLEN
Board Director



OUR PRODUCTS

INGREDIENTS

At North Coast Brewing Company, we approach sustainability at every step of the supply chain. We source locally whenever possible and work with mission-aligned partners. We pride ourselves on cultivating a wide customer base throughout the world. Our product ecosystem includes ingredient growers, packaging suppliers, distributors, and retailers – we are spotlighting some of our partners at each stage.

HOPS: ROY FARMS

Roy Farms is a Certified B Corp farm that has been growing hops in the Moxee area of Washington's Yakima Valley since 1907. The Roy family and their team have grown hops for more than 100 years and are committed to community and environmental stewardship.

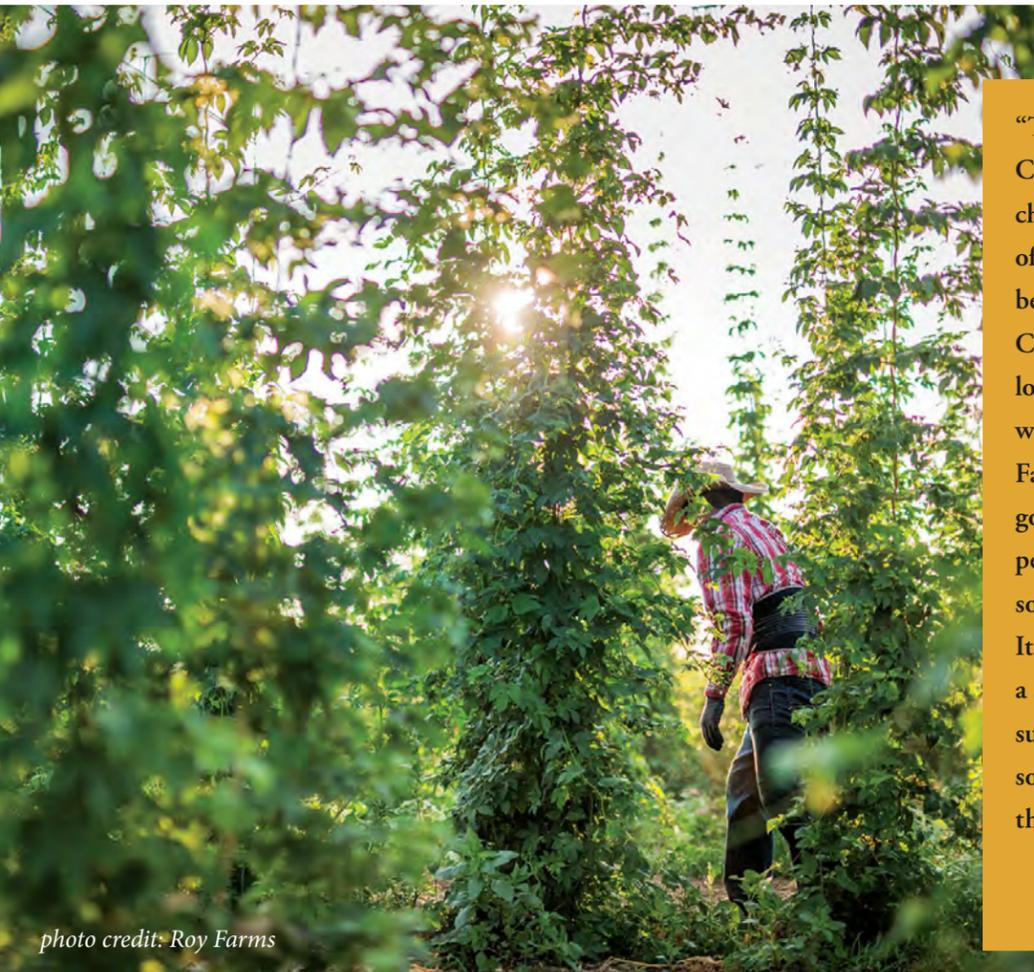


photo credit: Roy Farms

“The terroir of Moxee produces Centennial hops with a specific character that is the signature of Ruedrich’s Red Seal Ale, the beer that launched the North Coast Brewing Company. I love having a direct connection with our growers and with Roy Farms in particular. Their hops go from the field to packaged pellets in less than 48 hours so the quality is unsurpassed. It’s wonderful working with a supplier whose ethics and sustainability practices align so well with our own – and they’re just good folks.”

- Chuck Martins,
NCBC Brewmaster



WHY NON-GMO?

While there are no genetically modified grains on the market, many beers contain sugar, corn, and rice — all of which can be genetically engineered. All of our ingredients are non-GMO. We believe our customers have the right to know what’s in our beers.

PACKAGING

CANS

NCBC partnered with Gordon Biersch Brewing and began selling Scrimshaw in cans in 2020. Because cans are lighter than bottles, we can transport 700 more cases per truckload and increase our efficiency in distribution. More beer, less diesel – we like that.



CARDBOARD CARRIERS: GRAPHIC PACKAGING

Graphic Packaging is NCBC's number one packaging vendor and we're proud to share the same values of environmental and social responsibility. Graphic Packaging supports initiatives to plant trees, combat hunger and pollution, and improve recycling education.



LABELING: FORT DEARBORN

We work with Fort Dearborn Packaging's location in Sparks, Nevada to print and ship all of our labels. Using this facility increases our efficiency and reduces our carbon footprint. Fort Dearborn Packaging is committed to diversity, equity, inclusion, and sustainability.



OUR BEER GEAR

15%
OF OUR MERCHANDISE IS FROM SUSTAINABLE VENDORS

59%
OF OUR MERCHANDISE IS MADE IN THE USA

30%
OF OUR MERCHANDISE CAME FROM WITHIN 200-MILES

DISTRIBUTOR SPOTLIGHT

Wine Warehouse
CALIFORNIA DISTRIBUTOR OF FINE WINE, BEER & SPIRITS

Wine Warehouse is our largest distributor in California, where we do the bulk of our business.

"Wine Warehouse takes great pride in our decades-long relationship with North Coast Brewing Company. We've enjoyed tremendous success together because NCBC's focus on sustainability, philanthropy, and quality aligns perfectly with our core values as a multi-generational family-owned business in California. We love sharing their story (and their beers) with our valued customers across the communities we serve."

- Jon Rhodes, Executive Vice President | Marketing & Business Development

NCBC BEERS ARE AVAILABLE IN THESE COUNTRIES



CANADA



JAPAN



PUERTO RICO



SWEDEN



CHINA



MEXICO



SINGAPORE



UNITED KINGDOM



GERMANY



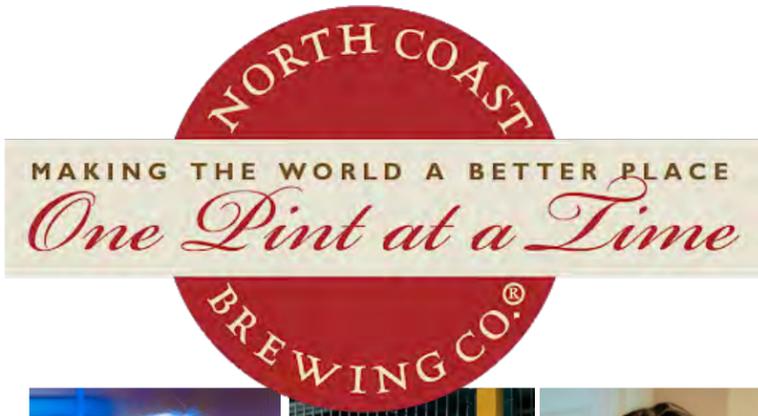
PANAMA



SOUTH KOREA



UNITED STATES



THANK YOU!

A HUGE THANK YOU TO OUR STAFF FOR THEIR PERSEVERANCE,
TO OUR BOARD FOR THEIR LEADERSHIP,
AND TO OUR CUSTOMERS FOR THEIR SUPPORT.



northcoastbrewing.com