



**YAKIMA
CHIEF
- HOPS -**

**GREAT BEER
GROWS HERE®**

CORPORATE SOCIAL RESPONSIBILITY REPORT 2020

**CONNECTING FAMILY HOP
FARMS WITH THE WORLD'S
FINEST BREWERS.**



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DESIGNING A SUSTAINABLE **HOP SUPPLY** **SYSTEM**

FOREWORD

Our vision is of a planet with verdant plains, clear waters and caring people growing cultivated life. Our hops will taste fresh. Our growers will exude passion for our world and share friendships that bind families with communities all over the globe. Our healthy lifestyle will reflect our ancestral teaching that the earth does not belong to us, but we belong to the earth. Where our ancestors eternally rest proves this true.

The world is shrinking, and we no longer walk alone. Human intellect guides our supply chain toward hop products known for their flavor and robustness from field to breweries across the globe. History teaches us that world sustained itself until human population inundated the lands with all manners of waste. Now we must learn from history so it will not repeat itself. To teach sustainability we must practice sustainability. Our efforts will connect ecosystems to solar systems without disrupting a single ray. We are happy to share our knowledge and gain new friends. We want our journey to lead us to better days and leave the world better than we found it.

Best,

Ted Strong
VP, Corporate Social Responsibility



MISSION

Our Mission is to connect family hop farms with the world's finest brewers, providing the highest quality hop products and uncompromising service for the ultimate benefit of our customers, employees and growers.



VISION

Our Vision is to be the global hop supplier of choice. We want our passion for preserving the planet, treating people with respect and dignity, and our commitment to healthy communities to be reflected in every beer brewed with our hops.



VALUES

PASSION

For people, product, planet & process

RESPECT

Teamwork & collective responsibility

INTEGRITY

Transparency & accountability in all we do

DEDICATION

To safety, quality and sustainability

EXCELLENCE

An emphasis on innovation & continuous improvement

The core values contained within our PRIDE statement are more than just words; they are the cornerstone of our approach to providing our valued customers with super-premium hops. Inspired by the work being done at our family farms. These values demonstrate our focus and outline our priorities as a team from production to customer service.

PROUD TO BE 100% GROWER OWNED

In honor of our family farms and beer's agricultural roots, we like to say that "Great Beer Grows Here." All of our family-owned hop farms are as unique as the varieties they cultivate, and we take pride in being able to share their stories and tell the history of their farms. From their advanced farming techniques, to their recently updated, state-of-the-art production facilities, our growers consistently demonstrate an unparalleled commitment to continuous improvement and sustainability.

It's no secret to us that quality begins in the field, and that it is our owners' rich hop farming heritage that provides us with an invaluable foundation of knowledge for delivering the highest quality products and services.

YAKIMA CHIEF HOPS OWNERS REPRESENT FAMILY-OWNED FARMS IN WASHINGTON STATE AND OREGON.



**CHARLIE
DAVIDSON**

3D & BC HOP FARMS
4th Generation
Woodburn, OR



**ED
ST. MARY**

BLACK STAR RANCHES
5th Generation
Moxee, WA



**REGGIE
BRULOTTE**

BRULOTTE FARMS
6th Generation
Toppenish, WA



**MIKE
SMITH**

B.T. LOFTUS RANCHES
3rd Generation
Yakima, WA



**KEITH
HOUSER**

C & C HOP FARMS
3rd Generation
Moxee, WA



**CRAIG
CARPENTER**

CARPENTER RANCHES
5th Generation
Granger, WA



**JOHN
COLEMAN**

COLEMAN AGRICULTURE
6th Generation
St. Paul, OR



**KEVIN
RIEL**

DOUBLE R HOP RANCHES
5th Generation
Harrah, WA



**PATRICK
GASSELING**

GASSELING RANCHES
4th Generation
Wapato, WA



**BRENTON
ROY**

OASIS FARMS
4th Generation
Prosser, WA



**STEVE
PERRAULT**

PERRAULT FARMS
3rd Generation
Toppenish, WA



**RICK
SAUVE**

SAUVE & SON FARMS
3rd Generation
Mabton, WA



**DOUG
WEATHERS**

SODBUSTER FARMS
3rd Generation
Salem, OR



**RICH
VAN HORN**

VAN HORN FARMS
2nd Generation
Moxee, WA



An aerial photograph of a lush green forest. In the bottom left corner, a green tractor is visible, partially obscured by the trees. The forest is dense with tall, thin trees, and the ground is covered in green foliage. The lighting is warm, suggesting a sunset or sunrise, with long shadows cast across the forest floor.

**IT'S NOT ABOUT THE NEXT 5 YEARS.
IT'S ABOUT THE NEXT 50 YEARS. IT'S
ABOUT 5 GENERATIONS FROM NOW.**

STEVE PERRAULT
PERRAULT FARMS

A LOOK BACK ON 2020

At the start of 2020 and the COVID-19 pandemic, Yakima Chief Hops, like so many other organizations, recognized that we were about to face unprecedented challenges with no playbook on how to handle it. Knowing that our community, growers and brewing partners would be hit the hardest, we knew we had to come together as an organization to help protect our people. In a year of unforeseen hardships, we were able to maintain our sustainability and help support our global communities by leaning on our shared values.

When our employees were unable to work, we ensured their jobs would be safe when they returned. When our essential workers and communities needed extra care, we were there to help make PPE readily available and provide additional resources. When our growers across the Pacific Northwest needed help, we stepped up and provided them with the guidance they needed to remain a sustainable business. And when society spoke out against racial inequity, we supported these causes and furthered our actions. Our Chief Commitments inform every decision we make and have guided our business since the beginning. This past year was a reminder of why these commitments are so important as we work to support and advocate for our people and communities.

When the global pandemic brought our nation to a screeching halt, our growers and farm workers had to carry on, as the hop fields still needed their full attention and care. Amidst the global pandemic, our growers also battled intense smoke inundation from the widespread and devastating wildfires across the Pacific Northwest. Some even threatened nearby family farms, sending a few into evacuation mode. As people around the world were faced with the many challenges revolving around COVID-19 pandemic, these natural disasters were also a reminder of how important it is to protect our planet.

The year of 2020 was certainly one for the books, as it presented historic challenges and events that truly required us to rely on our core values every step of the way to determine how we should address them. Together, we learned, took action, kept our people safe and amplified the work of others while continuing to create a culture of inclusion so that our organization and family farms can continue to thrive and flourish.

CHIEF COMMITMENTS

The past year has been immensely challenging for all of us. Around the globe, communities are coping with the impacts of COVID-19, and the growing awareness of systemic racism has emphasized the immediate need for more compassion, education and reform. When faced with these new realities, we looked inward to strengthen our commitment to our people, planet and our communities. We did this by prioritizing the health, safety and well being of our employees, and increasing our support to our neighbors when they need it the most. This commitment requires a robust approach to address the social and environmental challenges facing the world. Environmentalism and social justice are inextricably linked and we all must address the intersection of people and planet and the core inequalities in our society.

This is what guided us in to set ambitious sustainability targets for 2025, and it's what inspired us to refresh our strategy in 2020 into what we have called our Chief Commitments. Our six commitments have been designed to provide focal points for our business to provide high-quality hops without compromising the health of our planet and our communities.

Actions speak louder than words, and this is something we truly believe. We have made serious headway in our environmental and social efforts; however, the job is far from complete. We're committed to making diversity, equity and inclusion (DEI) part of the fabric of our culture by accelerating our efforts to increase representation of people of color in our workforce. We've increased our annual investments into our communities in which we work, serve and play by partnering with organizations dedicated to advancing equality in their communities and preserving natural resources through conservation efforts.

Though we've made important progress under our sustainability pillars, this is only the beginning of the next chapter in our sustainability journey. As we look to the future of YCH, our Chief Commitments will keep environmental and social considerations at the forefront of everything we do.

Yakima Chief Hops, the company that was founded nearly four decades ago, has grown up to become a large player in our special industry. And that bestows on our family of hop growers and YCH professional staff a serious responsibility. The last line of YCH's mission statement is "...we want our passion for preserving the planet, treating people with respect and dignity, and our commitment to healthy communities to be reflected in every beer brewed with our hops." We have always taken that seriously. That is why we are excited to demonstrate our commitment through the release of our latest CSR strategy categorized in our Chief Commitments.

We've been inspired by how our people pulled together during 2020 to support each other, our partners and our communities, and set the foundation for a more sustainable, responsible and resilient company. We look forward to keeping our commitments, valuing diverse perspectives, and collaborating with others to tackle common goals. We look forward to brighter days.



PROTECTING OUR PLANET

Conserving agricultural land and watersheds, while reducing energy and waste on our farms and in our facilities



HEALTHY HOPS

Ensuring sustainable farming practices are implemented to promote a healthy growing environment for our hops



THRIVING FARMS

Providing our growers with the tools, resources and education to be more efficient, economically sound, and viable for generations



PRODUCT EXCELLENCE

Holding ourselves accountable to higher standards of excellence for flavorful, aromatic and solutions-based hop products that our brewing customers love



EMPOWERING PEOPLE

Fostering a culture that is enriching and fulfilling for all our employees



GROWING OUR COMMUNITY

Strengthening our communities with meaningful intentions by focusing on driving economic growth, promoting opportunities in underserved regions, and supporting youth programs

PROTECTING OUR PLANET

Our long-term success as a company is dependent upon the health of the planet. The decisions we make today have lasting implications for the future. Acknowledging that there is no Planet B, we must treat this one we call home with care.

If we are going to be truly sustainable, we believe we need to continue transforming the way we operate our business and evaluate our impact from a life cycle perspective and consider our impact from farm to pint.

We operate on the philosophy that no resource should be wasted and empower our organization to look for innovative solutions where sustainable practices become best practices . To do our part, we're thinking long-term and working harder than ever to make sure waste reduction, water stewardship, clean energy use and fuel efficiency improves over time.

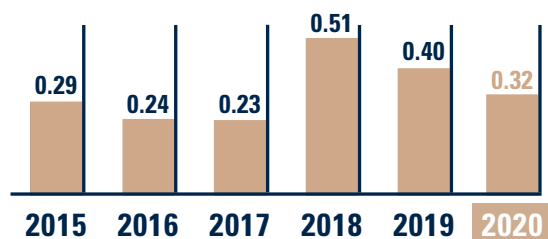


GREEN HOUSE GAS EMISSION

Climate change is undeniably the largest existential threat that we as a global community are facing. We cannot afford to dismiss climate change as a political issue; it is a human issue. Our responsibility as a global organization is to reduce our own footprint, and work to collaborate with others to protect the future of agriculture.

GREENHOUSE GAS INTENSITY RATIO

LBS OF CO₂ / LBS OF HOPS - MEASURED AGAINST RAW HOP EQUIVALENT



SCOPE:

- 1. 8,262 MT CO₂ – DIRECT EMISSIONS:** Emissions directly occurring from sources that are owned or controlled by the institution, including: on-campus stationary combustion of fossil fuels; mobile combustion of fossil fuels and “fugitive” emissions.
- 2. 5,615 MT CO₂ – INDIRECT EMISSIONS (ON-SITE):** Emissions generated in the production of electricity consumed by the institution.
- 3. 149,293 MT CO₂ – INDIRECT EMISSIONS (OFF-SITE):** All other indirect emissions that occur in the value chain of the reporting company, including both upstream and downstream emissions.

Our new CO₂ recovery system allows us to return 98% of CO₂ lost during the extraction process back into the extraction system. This helps us become more resourceful in our operations by closing the loop and bringing byproducts back into our production system.



Our climate strategy is three-fold: we want to reduce, avoid, and offset all of our carbon emissions. We acknowledge that this is an ambitious goal. However, we are confident in our abilities to achieve it by investing in more renewable energy sources such as anaerobic digestion, solar energy and pursuing closed-loop technology.

YCH CARBON FOOTPRINT

BY VALUE CHAIN

57,743 MT CO₂e

2019: 57,802 MT CO₂e

36%

Since the installation of our CO₂ recovery system, we have reduced our GHG emissions by 36% in our extraction plant.



WATER

Water is an essential resource for life that helps sustain our communities, our hops, and craft beer. Therefore, it is vital that we are mindful of our consumption and manage our watersheds appropriately to ensure this valuable commodity is made available for EVERYONE now and in the future.

YCH works with our growers to continually measure and improve the water footprint of what it takes to grow hops and partners with conservation organizations dedicated to ensuring healthy waterways. Through our Green Chief® program, we create

a dialogue where growers can share their sustainable practices and collaborate on ways to improve their water management. We help to encourage these improvements by supplying them with various tools and metrics.

Clean, accessible water for all is an essential part of the world we want to live in and there is sufficient fresh water on the planet to achieve this. However, we must all do our part to keep our waterways clean and manage water usage in a way that allows everyone equal access to this vital resource.

TOTAL WATER USE

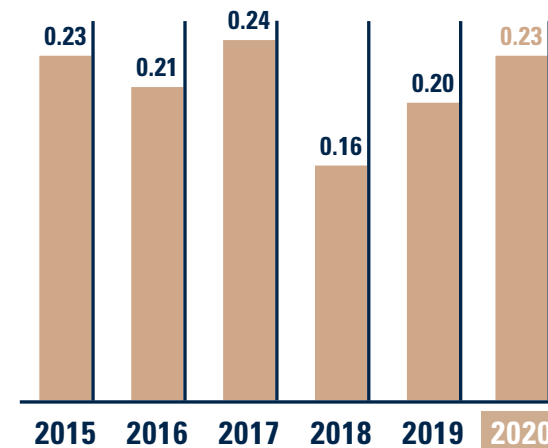
GAL OF WATER USED BY YAKIMA & SUNNYSIDE FACILITIES

9,296,114 GALLONS



WATER INTENSITY RATIO

GAL OF WATER/LBS OF HOPS - MEASURED AGAINST RAW HOP EQUIVALENT



► We reclaim 20% of water using the onsite retention pond which provides groundwater recharge and promotes biodiversity to the area.

COLLABORATION AND AWARD SPOTLIGHTS



FISH HAVE FEELINGS IPA

Fish Have Feelings is a West Coast IPA brewed in collaboration with our friends at Aslan Brewing Co. to bring awareness to Salmon-Safe farming practices. Fish Have Feelings is brewed with all Salmon-Safe ingredients, including Centennial, Mosaic®, Chinook, Idaho 7®, and Ekuanot®.



2020 GREEN MANUFACTURING AWARD

The Association of Washington Business named YCH the winner of 2020 Manufacturing Excellence Award for Green Manufacturing for our initiatives aimed at reducing waste and shrinking our environmental footprint.

ENERGY

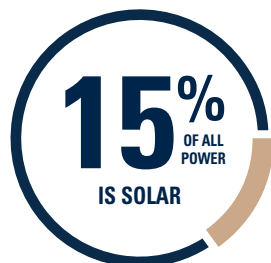
Electricity usage continues to be one of the largest contributors to YCH's environmental footprint. However, we have established strategic goals to help manage our energy consumption and expenses. By teaming up with our local utility companies and conducting energy audits, we have identified areas of improvement and energy savings equal to 1 million kilowatt hours. We continue to invest in energy efficient equipment in all of our production, storage, shipping and administrative facilities. The energy choices we make now will have lasting impacts for decades to come, which is why we are committed to finding alternative methods to traditional energy usage throughout our operations.



HARNESSING THE SUN

CAPTURED BY OUR SOLAR PANELS

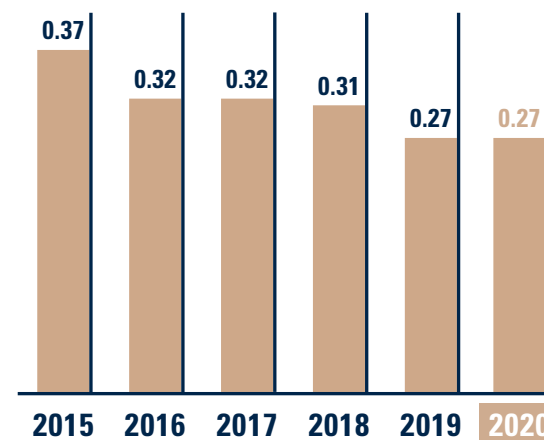
Here in the Pacific Northwest, we are fortunate to experience longer days with ample sunshine, making it not only the ideal climate for growing hops, but also harnessing the sun's powerful rays. We have utilized our large production facilities as an opportunity to create a source of renewable energy and do our part in protecting the environment from global climate change.



Our 70,000 square feet of solar panels produce 1,414,766 kwh of power accounting for over 15% of our total energy consumption.

ENERGY INTENSITY RATIO

KWH/LB OF HOPS - MEASURED AGAINST RAW HOP EQUIVALENT



WASTE

With global resources being under intense pressure driven by a culture of fast-paced consumption, we continue to challenge ourselves to become a zero waste-to-landfill organization. That’s why a key element of our sustainability strategy is working toward a more circular economy where we find ways to reuse or recycle materials rather than sending them to landfill.

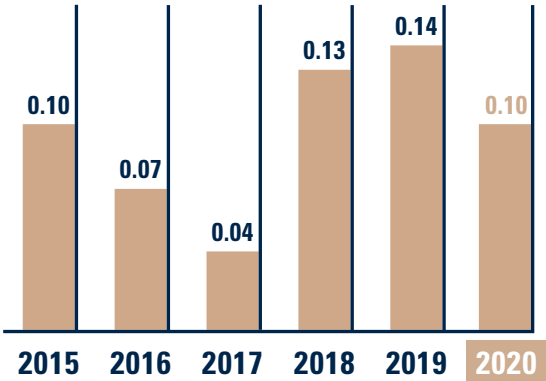
This aspiration drives us to implement more ways to reduce the solid waste we create along with the costs associated with it, such as packaging, disposal and shipping. Eliminating waste is good for the environment and our business. We are happy to report that 95% of our packaging is readily recyclable, as we work to promote less waste not only at our own facilities, but at our customers’ facilities as well. More beer should not mean more garbage.



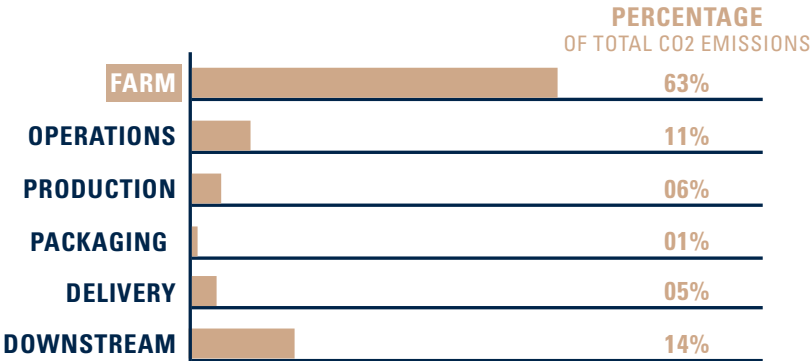
See page 29 for our sustainable packaging goals.

GARBAGE INTENSITY RATIO

(LBS OF GARBAGE/LBS OF HOPS)



HOP LIFE CYCLE ASSESSMENT



Environmental sustainability management is a discipline that compels us to reveal certain ‘truths’ regarding the impact that our operations have on the planet. While it’s not always the easiest information to admit, it’s important for us to address it and remain accountable for making improvements year after year.

The technique for such revelations is a called a Life Cycle Assessment, which examines a good/service, in our case hop products, throughout their life cycle and evaluates their associated environmental impacts. This process encompasses the entire journey of hops, starting with the annual harvest at our family farms to downstream final product delivery and disposal by our brewing customers. By performing the LCA of our entire value chain, we have discovered hotspots of environmental impacts and opportunities for improvement.

By performing the LCA, we identified a major hotspot within the carbon footprint breakdown of our supply chain. By tracking our CO2 emissions through this assessment, we gained valuable knowledge that will allow us to pursue new opportunities for lessening our environmental impact. It will also help us to find ways to reduce our overall cost through better utilization of energy, equipment, and agrochemical resources.



LOOKING FORWARD:

DRAWING DOWN OUR DIRECT CARBON EMISSIONS

We believe that our industry has a crucial role to play in tackling climate change and that we can help lead that change. That is why Yakima Chief Hops has established a robust strategy to reduce carbon emissions across our operations by 50%, both inside and outside our value chain.

Our climate strategy is designed to reduce, avoid, and offset our carbon emissions, and our aspiration is to become a zero-emissions company. We recognize that this is viewed as a highly ambitious goal, but as the climate crisis accelerates, so must bold action to combat it. We believe that our company and the global economy will be stronger in a low-carbon future.

Our entire supply chain is built on sustainable values and we take our environmental impact personally. Protecting our planet means that our growers can continue the legacy of their family farms, and we can continue growing our business, while supporting our employees and customers along the journey. Collectively, we are making meaningful change in the fields and facilities to continue providing our customers with a steady supply of hops to make great beer.

OUR 2020 FOCUS & HIGHLIGHTS

- ✓ **REDUCING** the environmental impact of our facilities with installations of renewable energy and close-the-loop technologies
- ✓ **PARTICIPATING** in a grower level life cycle assessment to manage and reduce farm-level carbon footprints
- ✓ **PARTNERING** with local organizations to promote healthy waterways for our surrounding communities and aquatic life
- ✓ **SECURING** all domestic shipments as 100% carbon neutral
- ✓ **ESTABLISHING** the largest solar array in Washington state and capturing 1.08 MW of energy

OUR 2025 GOALS

- 🎯 **UTILIZE** 100% renewable energy in our energy mix
- 🎯 **IMPROVE** energy efficiencies by 5% annually
- 🎯 **SWITCH** to cleaner fuel and energy options whenever feasible, such as anaerobic digestion
- 🎯 **INCREASE** close-the-loop technology to become self-sufficient in CO2 production
- 🎯 **REDUCE** waste 5% annually
- 🎯 **REDUCE** water consumption 5%

HEALTHY HOPS

Recognizing the intrinsic relationship between healthy hops and a healthy planet, it was only natural for us to embrace environmental stewardship into our overall business approach. Our growers have been growing within their respected regions for multi-generations, this success is largely in part due to the sustainable practices used in the fields to ensure the next harvest is just as bountiful as the harvest before.

Simply put, we understand that to reap the benefits of a bountiful harvest, appropriate measures must be put in place to preserve the natural resources we heavily rely on to ensure the quality of our hops. We designed our Green Chief® Program on the premise to hold ourselves accountable to the highest standards and promote more sustainable, high-quality hop farming and collaboration between our growers and brewers.

Our long-term goal as an organization is to provide our growers with the education and resources to achieve Global GAP certification – an internationally recognized standard for farm production. By adopting these high standards and following the guidelines outlined by these robust certifications, our growers are making a commitment to the ongoing health of their farms for generations to come. It is hard work, but it is rewarding work.

At YCH we utilize our resources as extensions of all our family farms and we provide any and every opportunity for continuous improvement at our farms. 'We're raising the bar in the fields, so you can raise your glass in the brewery.'

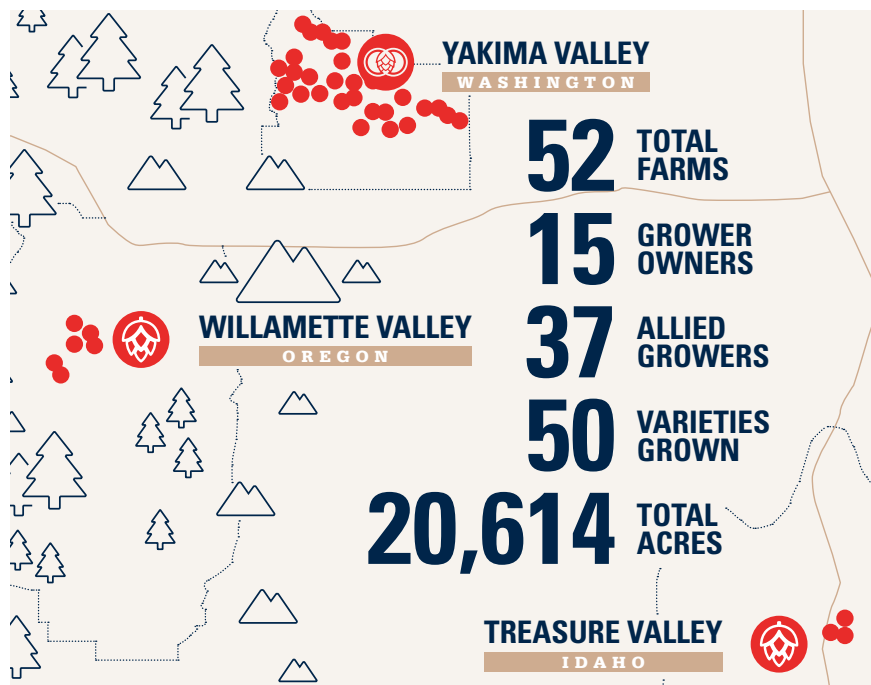


GROWING TOGETHER

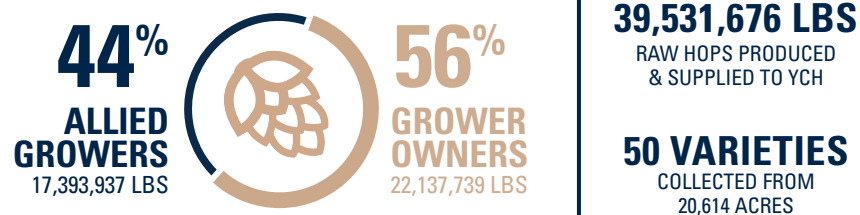
We pride ourselves in our ability to bring all our growers together during the growing season to discuss best management practices amongst each other for the benefit of the entire group.

These meetings are critical for the growing season as they cover topics regarding spray applications, water management practices, as well as new technologies being adopted. As a collectively owned operation, our YCH growers are mindful of the importance of working together which allows everyone to reap the benefits.

GROWER BREAKDOWN



HARVEST BREAKDOWN



CERTIFICATIONS

We are proud of our grower's triumphs and are looking forward to providing additional tools and education opportunities to help advance farming for the next harvest and beyond. Take a look at last years breakdown of farm certifications.



TOP 10 VARIETIES

1. Citra® Brand HBC 394
2. Simcoe® Brand YCR 14
3. Mosaic® Brand HBC 369
4. Cascade
5. Palisade® Brand YCR 4
6. Amarillo® Brand VGXP01
7. Centennial
8. Chinook
9. CTZ (Columbus/Tomahawk®/Zeus)
10. Ekuanot® Brand HBC 366

BEYOND THE BINES

When we talk about healthy hops, we must look beyond the surface level at the other vitally important attributes of the farm that provide bountiful harvest. That's why we are investing in our soil, water, and habitat on the farm, which if managed appropriately creates resilience in the face of a changing climate. Productive hop farms build economies, provide livelihood for growers, and provide brewers around the world with ingredients to make that next flagship beer. Healthy hops come from healthy farms, and healthy farms benefit us all.

HEALTHY SOILS

Soil is the foundation of our grower's farms and maintaining soil health is key for the long-term agricultural viability. Our growers support practices that aim to minimize disturbance, maximize biodiversity and soil cover, and providing continuous living roots.

By building organic matter in the soil, our growers' crops are more resilient to pest pressures. These soils are then able to effectively filter nutrients and contribute to cleaner water quality, while sequestering carbon, at a faster rate. This positive feedback cycle is crucial for our healthy hops program.

BIODIVERSITY & HABITAT

A well-balanced approach to farm management takes into consideration the diverse landscape surrounding each farm and works with it rather than against it. This harmonized approach is crucial element for growing healthy hops.

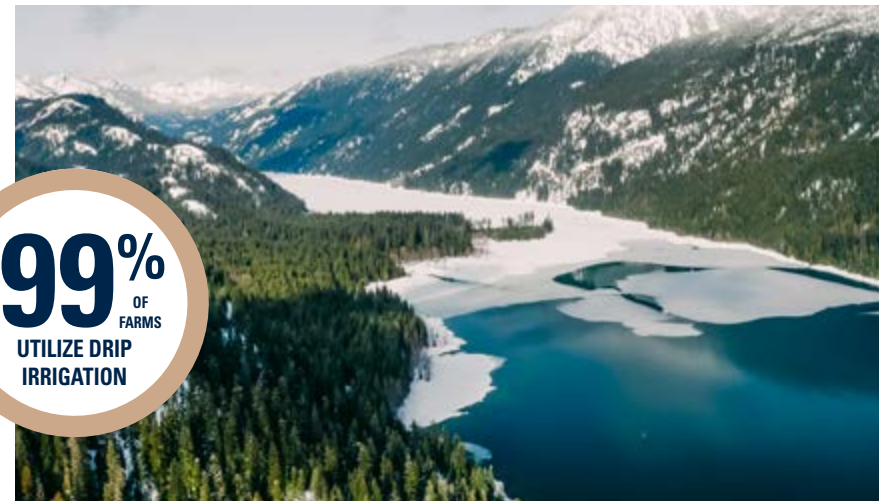
Flowering plants attract pollinators, rivers and streams support salmon, and forests and trees support birds, insects, and other wildlife. Many of our growers are working with nature as opposed to against nature and are converging organic farming practices with conventional methods. These are just a few of the diverse habitat features found on diverse farmlands.

Rather than imposing a one-size-fits-all approach to sustainable farm management, we trust our growers to determine what is best for their individual farms and work to support their efforts. The following are our farm focus areas:

CLEAN WATERWAYS

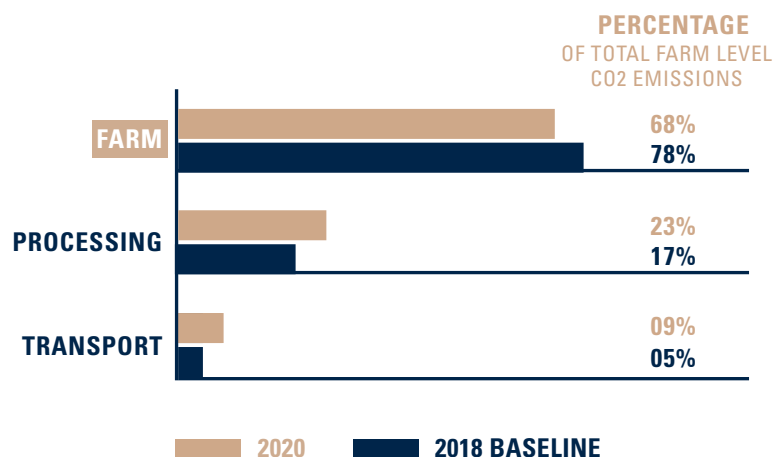
The Pacific Northwest is blessed with snowcapped mountains, reliable rainfall and miles of rivers, streams, and other tributaries that support our local agriculture, diverse ecosystems, and thriving family farms.

Smart irrigation management, such as drip irrigation and buffer zones along rivers and streams can increase productivity while also conserving water for other uses. These practices ensure clean water for farms and their surrounding ecosystems.



FARM LEVEL LCA

As part of our 2025 initiatives, we have set out to have 100% of our growers participate in a farm-level life cycle assessment that will allow our growers to better understand hotspots for environmental impact in their operations. The intention is to put a special focus on farm level data collection to better understand the drivers of the largest footprint contributors. As a result, we are looking to reduce the amount of inputs to maximize our outputs. This means decreasing the amount of synthetic fertilizers, reducing tillage, using cover crops, and monitoring natural resource usage.



LOOKING FORWARD:

INCREASE OUR PROGRESS TRACKING & CERTIFICATIONS

Our vision at YCH, is to continue to quantify our environmental impact across our supply chain. We believe that by measuring our farm level inputs will allow us more clarity into how we can prioritize improvements to reduce our overall greenhouse gas emissions and drive-up yield efficiencies through fewer inputs. At the end of the day we want to continue to produce world-class hop varieties without jeopardizing the land in which we rely on; therefore by prioritizing our efforts through robust on-the-farm program, we believe we can achieve this mission.

OUR 2025 GOALS

- 📍 **ENSURE** 100% of our growers are Global Gap Certified through Global Gap Certifying body
- 📍 **ENSURE** 100% of our growers are participating in greenhouse gas emission tool (LCA)
- 📍 **VERIFY** 100% of our family farm facilities are 'Green Status' Green Chief Level

OUR 2020 FOCUS

- ✓ **DECREASING** the environmental impact of our facilities with installations
- ✓ **REDUCING** in a grower level life cycle assessment to manage and reduce
- ✓ **UTILIZING** with local organizations to promote healthy waterways for our
- ✓ **MONITORING** natural resource usage

THRIVING FARMS

Agriculture is an unpredictable industry, as it can be impacted by so many uncontrollable factors, such as weather, water supply and other environmental conditions. In addition to the already challenging nature of farming, this past year hop farmers were confronted with entirely new challenges such as stringent government regulations, immediate acreage adjustments, economic uncertainties and constant change. Like with our brewing partners and employees, we focused on providing them with as much support and guidance as possible to help them not only survive but thrive through the global pandemic and thereafter.

Collectively there are 52 different farms from which we source our hops, with each of them having their own unique ways of mastering their craft. In addition to our growers located in the Pacific Northwest, we source from a number of different independent farms from across the globe as well. While these farms are located miles apart, they all possess the same shared values. We take great pride in ensuring that the growers that participate in our supply chain reflect the same values we hold here at YCH.



RETURN TO GROWER

OUR GROWERS WORK HARD, AND IN RETURN WE WORK HARD FOR THEM.

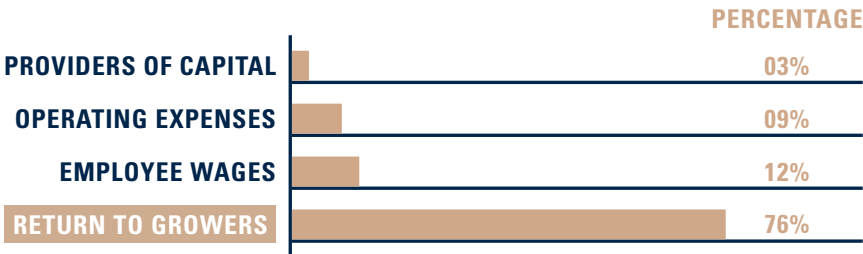
Thriving farms are critical in the future of craft beer; not just from the perspective of YCH, but for our community and the entire brewing industry. We are committed to promoting the sustainable growth of our farms by helping our growers become more efficient, economically sound, and viable for generations to come.

Our commitment to the farms is unparalleled, as we were originally founded by a collection of family farms, many of whose members still sit on our Board of Directors today. They continue to be at the heart of all that we do, providing us with high-quality hops and guiding both the values and the operations of our business. With generations of experience with overcoming the incredible ups and downs of the hop industry, they have the grit and adaptability to overcome anything. We are proud to work alongside our grower owners, investing in their well-being and their ongoing success.

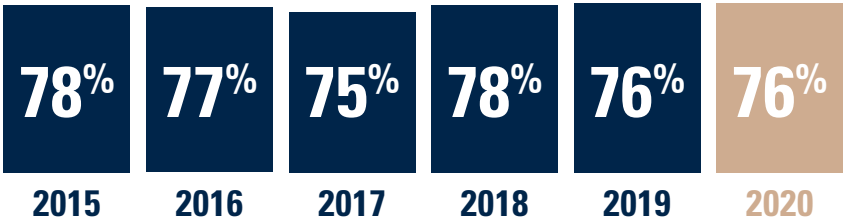


2020 FINANCIAL DISTRIBUTIONS

We deeply respect the hard work of our growers and their family farms and are dedicated to doing right by them. Each year, we distribute an industry-leading percentage of our earnings back to the growers, referred to as our return-to-grower (RTG), to help them make continuous improvements, reinvest in their farms and continue their legacy. Each year, we make grower distributions based on the earnings for that particular year. Regardless of the current state of the market, 75%+ business earnings go back directly into our growers’ pockets. Take a look at last year’s financial distributions:



FOR EVERY 1 LB OF HOPS SOLD, 76% OF THE RESULTING REVENUE IS RETURNED TO GROWERS



HOW WE INVEST IN OUR FARMS

✓ **PAY GREATER PRICES.**

With our unique business model, we pay our growers hop prices that are well above market value, paying a premium to receive quality hops and incentivize continuous improvement.

✓ **SHARE ANNUAL EARNINGS**

Each year, we make grower distributions based on our earnings. This means that, regardless of market conditions, business earnings go back into our growers' pockets.

✓ **HELP THEM CONTINUOUSLY IMPROVE**

We believe that by collaborating with our network of growers, we can help to evolve farming best practices through the use of data, science and technology and optimize productivity at the farm-level. We also believe in consistently helping our growers discover and address opportunities for improvement throughout our Green Chief program, focusing on quality and sustainability.

✓ **FACILITATE FARM EVALUATIONS**

Using both internal and external evaluators, we help farmers identify opportunities to improve their facilities and field management practices as well as hop quality, environmental practices, and working conditions for their employees.

✓ **TECHNICAL ASSISTANCE PROGRAMS**

Based on regular evaluations, our Green Chief® team helps farmers improve the overall management of their farms. Technical assistance comes in a variety of forms from customized one-to-one sessions to regional meetings to keep our growers updated on the latest spray guidelines and provide feedback on quality scores.

ALWAYS IMPROVING

As a grower-owned company, we know that quality begins in the fields. In order to harvest quality hops, growers must have the resources to maintain, improve and expand their fields and facilities, which starts with a fair, healthy RTG. Strong, sustainable returns allow growers to make critical investments in the people, land, infrastructure, and farming practices that lead to high quality, stable hops.

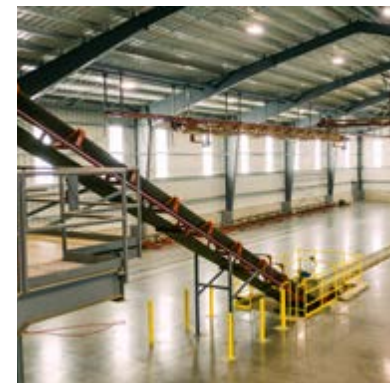
In the past six years, an estimated 400 million dollars have been reinvested in farm facilities across the Pacific Northwest. This has allowed YCH and our growers the opportunity to expand with the craft beer industry, continuously improve on quality and maintain a steady supply of hops. These reinvestments have included:

33 | NEW PICKING MACHINES

22 | NEW KILNS

24 | NEW BALING ROOMS

And dozens of significant upgrades to full facilities



In addition to field and facility investments, higher quality hops also require more labor, as more people are needed to monitor the hops and operations throughout the entire growing and harvest seasons. Proprietary hops require even more attention, as they are more closely monitored for varietal purity and consistency to protect the value of the brand. Appropriate pricing and a high-end RTG help to ensure that growers are able to employ the workers needed to operate a quality-focused farm.

GREEN CHIEF® PROGRAM

Green Chief® is our farmer best practices program coordinated in partnership with Yakima Chief Ranches. Our goal is to facilitate the continuous improvement of hop farming in areas of food safety, hop quality and sustainable growing practices. All farms providing hops to Yakima Chief Hops, Yakima Chief Ranches and their advisors and partners are encouraged to participate in Green Chief® best practices meetings and activities. These gatherings are intended to promote more sustainable, high quality hop farming and collaboration between our companies, growers and brewers.

The three membership groups each contribute to how we govern the program, approve or develop best practice plans, solicit feedback and engage their group in implementation. By forming a Green Chief® Council made up of both owners and allied growers, we promote a cooperative spirit and strengthen relationships outside our core ownership. The program is constituted to serve the farms we work with in order to help them sustain profitable, environmentally and socially responsible farms.

MEMBERS



YCH OWNERS

Annual election of best practices chair.



ALLIED GROWERS

Annual election of a representative who is not an owner that is nominated by growers participating in Green Chief.



YAKIMA CHIEF RANCHES

Appoints a representative.



LOOKING FORWARD:

INCREASE OUR PROGRESS TRACKING & CERTIFICATIONS

When the original growers of Yakima Chief Hops came together to become the first grower owned hop supplier in 1988, they recognized not only an opportunity to build a unique connection between family farms and brewers, but also the chance to offer economic stability for the hop community. Financial success for YCH means we are better equipped to support our growers and local communities. YCH will continue to support the long-term sustainability of our hop farms, and promote a healthy, balanced supply chain from the ground up.

OUR 2025 GOALS

- **MAINTAIN** a return to grower rate of 75% or higher
- **PROVIDE** continual learning opportunities to our growers through our Green Chief Program

PRODUCT EXCELLENCE

As we grow as an organization, the expectations remain the same: quality is everything. YCH growers have always believed that quality beer begins in the fields, and that the flavorful, hoppy beers that people enjoy across the globe are the ultimate reward of a job well done.

That is why we strive for a higher standard of excellence in our finished hop products, starting with the hops sourced from the most quality-driven family farms. Our growers are well-seasoned in the fields and have dedicated generations to perfecting their craft. It is our job to receive and process these raw hops in a way that best preserves their quality and aroma for future brewing applications. The results are hop products that we are proud to provide and inspired to share with others.

As a grower owned hop supplier, we have the privilege to be actively involved in the farming portion of our supply chain. We utilize our Green Chief program to help growers establish quality standards in their fields and facilities and facilitate opportunities for them to collaborate on farming best practices. With this, we also help to create tools for increased traceability and transparency on the farm, providing opportunities for continuous improvement in their quality and sustainability.



QUALITY BEGINS AT THE FARM

Collaborating with our growers to ensure that brewers receive a consistent, quality hop product is good for our customers and for the sustainability of our business and family farms. Our organization is not only guided by our well-established quality principles, but also the invaluable feedback from our brewing customers. This is where our seamless connection with family hop farms is key. We bridge the gap

between brewers and growers by providing growers with feedback that helps to determine everything from acreage to quality best practices. By creating meaningful relationships through gathering important data analysis from both sides of the supply chain, we hope to drive change, advance the industry and add value to all businesses involved.



OUR 2020 FOCUS & HIGHLIGHTS

- ✓ **WORKING** with growers to provide high-quality hops
- ✓ **CREATING** a dependable & consistent supply chain
- ✓ **ESTABLISHING** direct grower connections
- ✓ **ENACTING** sustainable procurement practices

STAMPS OF APPROVAL

Products that inspire our customers require diligent, precise manufacturing. That means we're going above and beyond minimum regulatory compliance standards and working with partners to help us push our product excellence to new heights. We look to the experts, the best of the best, to help us develop and implement best practices that improve our productivity, processes, reporting and quality efforts. We hold ourselves accountable to these higher standards by participating in programs such as the ISO certifications which enable us to build a robust and systematic approach for handling our daily operations.



QUALITY MANAGEMENT SYSTEM: ISO:9001:2015

Contains tools and guidance that ensures YCH's products and services fulfill quality requirements, from both a regulatory and customer satisfaction perspective. YCH has been certified since 1994.



ENVIRONMENTAL MANAGEMENT SYSTEM: ISO:14001:2015

Provides YCH with the framework necessary to actively track the use of resources and production of waste within our operations to ultimately improve our overall environmental performance. YCH has been certified since 2010.



GOOD MANUFACTURING PRACTICES

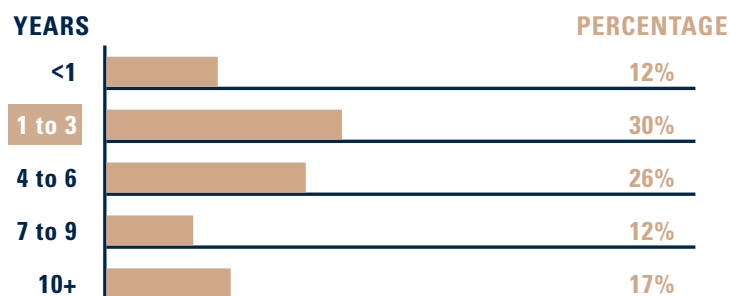
Our facilities operate in accordance with current Good Manufacturing Practices (GMP) for food processors. All employees are given training on food safety during orientation and for their specific positions. We employ Hazardous Analysis and Critical Control Points (HACCP) system for all areas of production.

CUSTOMER SATISFACTION

One of the ways that we measure the quality of both our products and services is through customer feedback. Each year we distribute our Annual Customer Engagement Survey to our global commercial brewing customers, offering them the opportunity to provide their candid feedback anonymously, or along with their contact information if they choose to do so. Using this annual survey, we are able to create benchmarks and monitor our progress year over year. This allows us to celebrate our successes while identifying shortcomings and opportunities for improvement.

In addition, we also implemented an ongoing survey opportunity in 2020 that is permanently available on our website. At any time, both commercial and homebrewers can submit their feedback regarding their experience with YCH. We want the brewing community to know that our door is always open, and we are here to listen. In 2020, we had more than 1,000 responses combined from both surveys. Here are the results.

CUSTOMER LONGEVITY



While we continue to expand and reach new customers across the globe every day, we are proud of our ability to make lasting connections and build upon genuine relationships with our brewing partners.

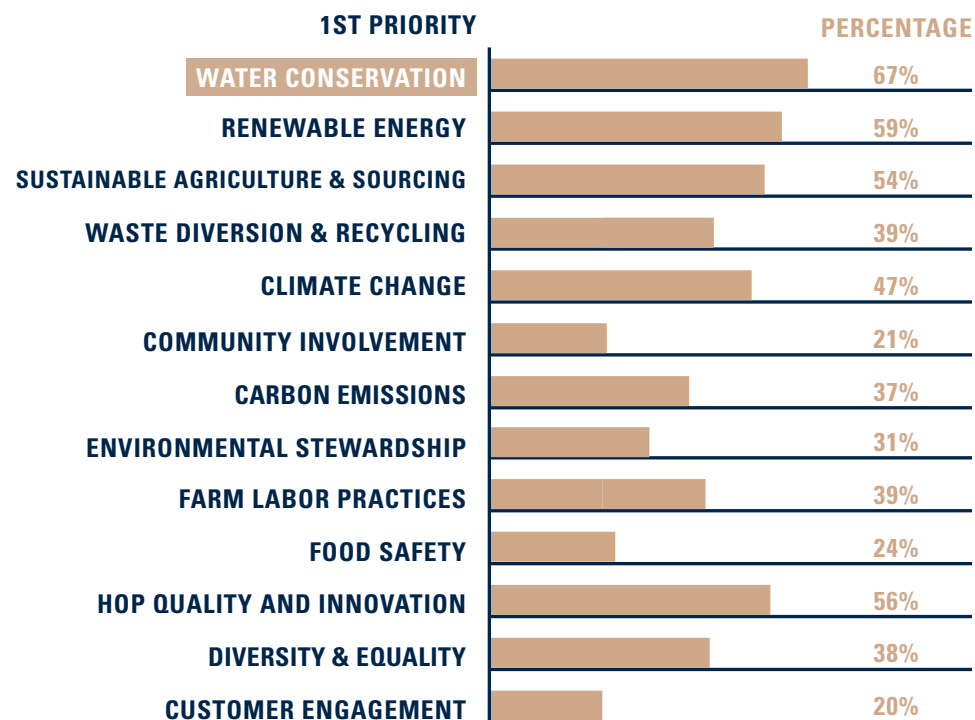


94%

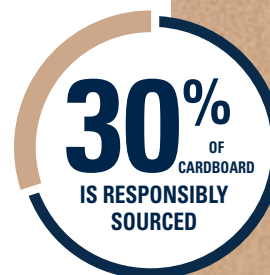
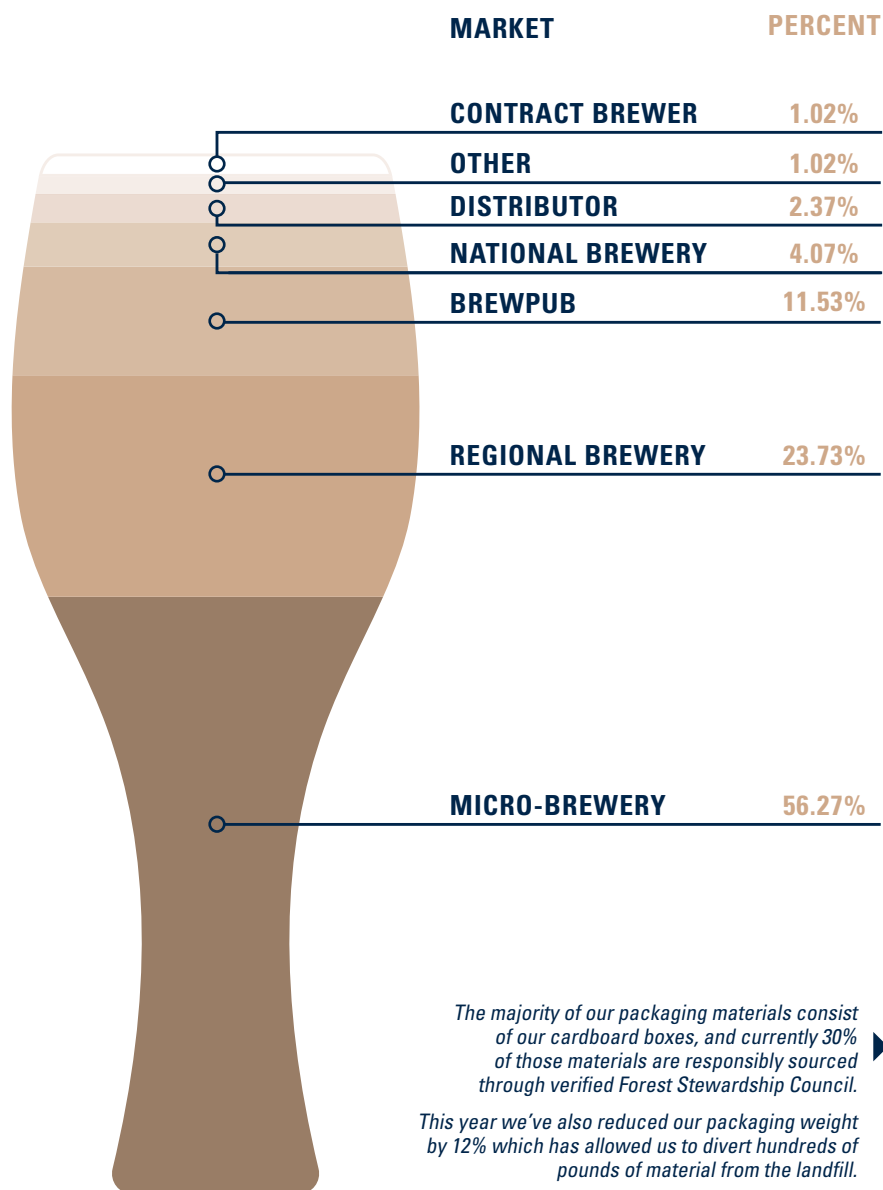
**OVERALL
SATISFACTION
WITH YCH AS A
HOP SUPPLIER**

CUSTOMER PRIORITIES

Achieving sustainability is something that takes the collective effort of everyone across the industry. We must work together to make meaningful change by sharing ideas and inspiring one another. During our annual survey, we like to take a pulse on matters that mean the most to our customers by asking: what type of environmental and/or social initiatives would you like YCH to focus on in the future? Here are the results. As always, we appreciate the ways that our customers challenge us by sharing their thoughts on these important topics.



MARKET SERVED AS REPRESENTED BY SURVEY



LOOKING FORWARD:

MOVING TOWARDS FULLY SUSTAINABLE PACKAGING

To us, achieving true product excellence not only means providing customers with a quality brewing ingredient, but also raising the bar on our product packaging while doing so. Producing, storing and shipping hops has traditionally required a lot of packaging waste with limited options for materials.

In recent years, we have successfully researched and discovered better packaging solutions that have required less energy to produce, less materials to ship, and fewer YCH material ending up in the landfill. Win, win, win! And best of all, we've still extended the shelf life of our products while minimizing our impact on the environment.

At YCH, our definition of sustainable packaging means all of our packaging is either fully recyclable, compostable, biodegradable or made with recycled content. We will continue to invest in new innovations that support these ambitious sustainable packaging goals.

OUR 2025 GOALS

- 📍 **MAINTAIN** a customer satisfaction rate above 90%
- 📍 **ENSURE** 100% of our packaging materials to be reusable, recyclable or compostable (currently at 95%)
- 📍 **ENSURE** 25% of plastic used in our packaging will be made with reusable or recycled material
- 📍 **REPLACE** 100% of mylar foil packaging and find a long-term packaging solution replacement for finished products

EMPOWERING PEOPLE

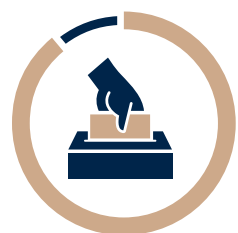
At YCH, we believe the most creative solutions emerge in an environment where diverse voices are heard, all ideas are considered, bold thinking is valued and people can grow into their fullest potential. This approach is a facet of 'The YCH Way' that reflects our commitment to engaging people in ways that help them thrive and innovate.

The work environment at YCH continually evolves to maximize the employee experience and drive high performance. We aim to create a culture that values the well-being of our employees and motivates them to work safely and productively. YCH has several methods to help engage employees, collect input and improve our performance. The past 5 years, we have conducted an annual companywide employee survey to measure and improve our culture and business results. In 2020, our internal scores were among the best in the industry, and this year, the survey had the highest response rate in recent history.

We recognize that our success is directly dependent upon the success of the people who make it happen. YCH fosters a vibrant community of employees who love the beer industry and feel passionate about our mission to connect family farms to the world's finest brewers. We are proud to be a locally recognized employer of choice, providing our employees with a positive and empowering workplace and supporting them with competitive pay and benefit programs. We are invested in our employee's well-being and education to allow individuals the appropriate tools to succeed.



EMPLOYEE SURVEY



89%

PARTICIPATION RATE

Teamwork makes the dream work. YCH strives to empower the voices of our employees by encouraging participation in the survey for the overall betterment of the organization.

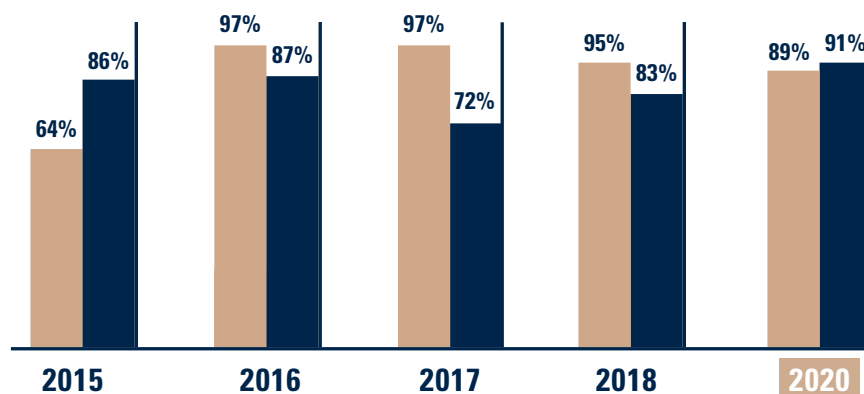


91%

EMPLOYEE SATISFACTION

Happy hours in the craft beer world only happen for a short period of the day; at YCH it is our mission to keep all employees satisfied and happy throughout the year.

OVERALL SATISFACTION



■ PARTICIPATION ■ SATISFACTION

HOW WE INVEST IN OUR EMPLOYEES

Our people keep our business thriving, and in turn we want to keep them engaged, happy & healthy. 2020 was a trying year however, we never wavered from our commitment. Protecting our essential workers: we provided PPE, extra safety measures around the production and office locations, and tools for our essential workers who kept our manufacturing facilities running.

- ✓ **MAKING MASKS**
As a collective, our employees pooled resources by creating over 500 face masks for employees and community members.
- ✓ **PROMOTING WELL-BEING**
YCH introduced programs to help employees cope with the challenges presented by COVID-19 including working from home opportunities to help out their children with school and bringing in medical professionals to the office.
- ✓ **STAYING CONNECTED**
We discovered new ways to come together as employees, brewers, and growers through virtual educational seminars, food drives, and happy hours.

We take care of our own and we believe in practicing what we preach. When you work for a company whose mission is to inspire meaningful connections between people and planet, you end up with a pretty awesome work environment. Our perks & benefits are designed to support a healthy, balanced lifestyle and encourage enriching experiences inside and outside the office.

- ✓ Generous 401K matching, paid time off and pandemic leave benefit
- ✓ Wellness programs and fitness incentive
- ✓ Continuing education and professional development
- ✓ Paid community volunteer time
- ✓ Office snacks & on-site brewery
- ✓ Collaboration with Heritage University to provide an on-site leadership program, CHIEF Academy, for our front-line leaders

EMPLOYEE DEMOGRAPHICS

For many years, YCH has worked to create a well-rounded workforce that thrives on the perspectives, characteristics and creativity of different people. We believe diversity and inclusion are the foundation to serving our communities and customers. We aim to employ the perfect blend of people and talent that create a balanced yet vibrant organization and keep us connected to the global brewing community.

We are proud to be rooted in the Pacific Northwest, however, we have increased our global presence tenfold over the past couple years to better serve our customers. Check out how we've grown!

As an organization with offices and teams across the world, we are grateful that we have the opportunity to build a company that is as diverse as both our local and global communities. We know we've made strides towards achieving this goal, but we also know that we are not there yet. One of the most amazing aspects of producing a sustainability report is the chance to not only be transparent, but to be held accountable for making progress. We are working to implement new programs that will help us ensure that we are recruiting, hiring and promoting more people of color at all levels of our company. We know we have access to some incredibly talented people in our local region, and we hope that by better representing ourselves as a more inclusive company, we will invite more unique voices to the table. We will continue to share our progress toward achieving a workforce that better reflects the communities where we work and serve.



GLOBAL REACH, LOCAL ROOTS

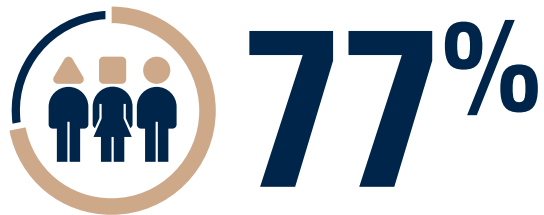
 **524**
TOTAL EMPLOYEES

 **325**
FULL TIME EMPLOYEES

 **12%**

In the past year we have increased the size of our company by 12% as departments expand and new teams form

EMPLOYEE REPRESENTATION



BIPOC REPRESENTATION

YCH values the diversity of the people with whom we work and the contributions they make.



FEMALE REPRESENTATION

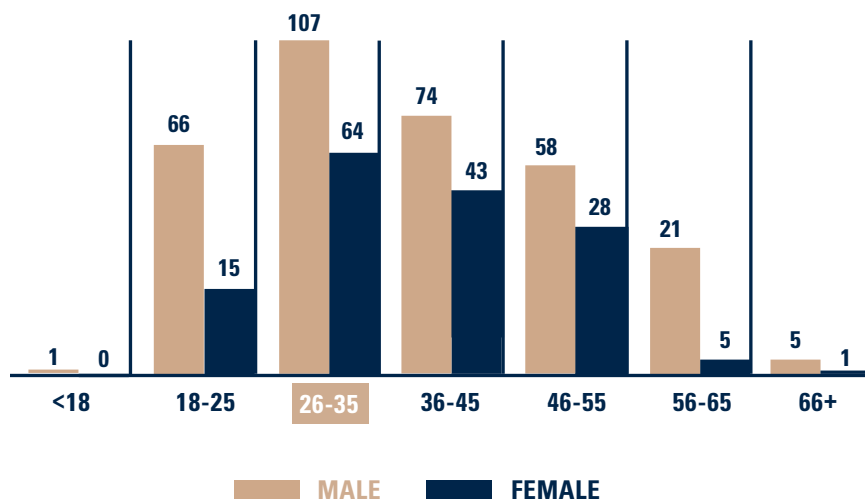
We have a deep focus on bringing more women into business areas like technology and supply chain. And the gender diversity within our leadership team and board of directors is something we are proud of and work hard to protect and advance.



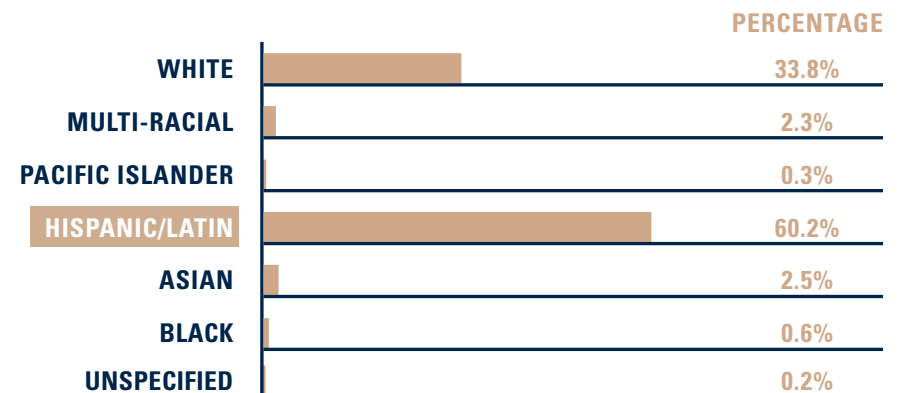
AVERAGE EMPLOYEE AGE

We age not by the number of years, but by stories. Those stories help define who we are.

DEMOGRAPHIC BY AGE



DEMOGRAPHIC REPRESENTATION

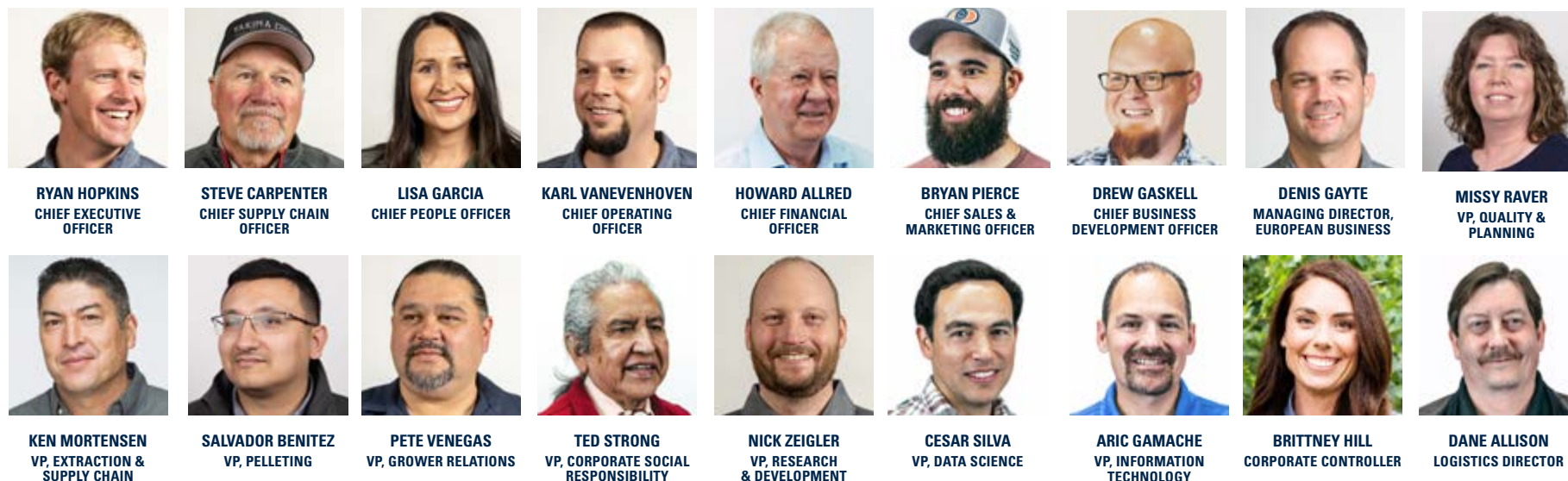


LEADERSHIP REPRESENTATION



Our Leadership team not only leads our operations, but our company culture. They are the mentors and sponsors to our eclectic workforce of professionals. They are our thought leaders and drivers of change. We aim to create an inclusive and welcoming organization by advancing and hiring leaders from diverse backgrounds. It is our goal to continue to enhance the diversity of our Leadership team through greater recruitment efforts, job openings and professional development opportunities

OUR LEADERSHIP TEAM



DIVERSITY & INCLUSION

As a leading global hop supplier, we believe we have an opportunity to set an example for our industry and our community. We take this responsibility seriously and hold ourselves accountable for making ethical decisions and advocating for others, even if that means going against the grain. With that, we are not only focused on our commitment to diversity and inclusion within our company, but outside our company as well.

Over the years, we have taken a stance on promoting a culture that welcomes more women and people of color in the brewing and craft beer communities. From the brewhouse to the taprooms, we want everyone to feel empowered to brew, sell, enjoy and talk about beer.

For the past four years, we have encouraged this conversation through our Pink Boots Blend product and partnership with the Pink Boots Society, aimed at empowering women in the beer, alcohol and fermentable beverage industry. In 2020, we also had an especially important opportunity to speak up on behalf of the BIPOC community as we listened to the voices of the Black Lives Matter movement. We not only made a public statement expressing our support, but also supported the cause through our involvement with the Black is Beautiful beer collaboration.

As a large corporation, we have a powerful opportunity to use our voice for good and we refuse to waste it. We will continue to find ways to make a positive impact in social justice movements, advocate for others and promote a more diverse and inclusive society.

PROMOTING GENDER EQUALITY

At the end of 2020, 32% of our total workforce was female, 28% of our managers were female, and 77% of our workforce are racially and ethnically diverse. At YCH we believe gender equality is a human fight, not a female fight, and we are in this together. We recognize this area as an opportunity for improvement and have our sights set on a goal for 2021.

One of our goals is to increase the percentage of women in salaried and leadership positions in relation to the total number of women employed at YCH.

LOOKING FORWARD:

CONTINUE TO PUT OUR EMPLOYEES FIRST

Our employees are more than just hopheads and beer geeks. They are individuals from all different walks of life who have come together over their shared passion and appreciation for our mission, vision and values. Cultivating an environment where all team members are valued, respected and treated fairly is part of our company culture. When employees feel included, connected and inspired, they stay engaged in our business and enthusiastically represent YCH every day to our growers, customers and communities.

At YCH, we are committed to continuous improvement in all aspects, from our products and processes, to our culture and structure. As our company rapidly expands, we seek to enhance our organization by hiring the right people in the right places with the right talent.

OUR 2025 GOALS

- 🎯 **HAVE** zero time loss incidents from employees
- 🎯 **INCREASE** % of women in salaried/leadership positions
- 🎯 **INCREASE** % of BIPOC employees in salaried/leadership positions
- 🎯 **ACHIEVE** 85% employee retention rate

GROWING OUR COMMUNITY

There is no power for change greater than neighbors coming together over a shared vision. As a company focused on community empowerment and resilience, it is our mission to be responsible neighbors and assets to our community by partnering with likeminded organizations and people. From the volunteer work we do locally to the way we source our hops, our commitment to the communities we touch is an important part of our culture.

In 2020, our global communities faced unprecedented health and economic challenges due to the coronavirus pandemic. We recognize that many of our employees, distributors and partners may be facing hardships, and we are focused on providing as much support as possible to help protect their well-being. We stand by our value of putting people first and believe that in times like these, we have a responsibility to do so. We've built our business with the premise of doing right by both the planet and the people who inhabit this special rock we call home.

It is our ambition to strengthen and give back to our global communities through business, philanthropy, and development initiatives. Our company contributes to important social causes in a variety of ways, including donating hundreds of pounds of hops destined for a caused-based brews, empowering employees to give back through paid volunteer hours and providing corporate donations to meaningful non-profits.

We amplify our community enrichment efforts by partnering with strong, local organizations and people who live and work in the same communities we serve. This way, resources end up in the hands, homes and lives of the people who need them most. Then we work together to grow our communities with intentional and impactful giving along with a boots-on-the-ground approach.



COMMUNITY GIVEBACK

At YCH, giving back has always been one of our core values. As a global organization, we have team members located across the world who are just as passionate about making a positive impact as we are. That is why we have established a Community Giveback program, empowering and encouraging our people to volunteer their services in the community during the workday on company time. This program was born in 2018, and last year we volunteered over 1,000 hours – doing everything from prepping Thanksgiving meals to restoring community gardens to holding auctions for the benefit of local organizations.

When it comes to fiscal support, Yakima Chief Hops also provides each individual full-time employee with \$250 to donate to a nonprofit or charity program of their choice.

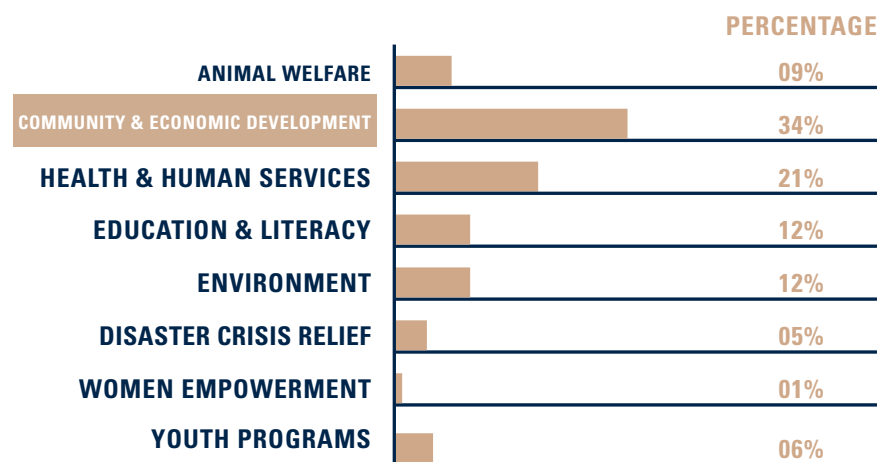
Multiplied by 300+ employees across the globe, we aim to help those funds make their way to the people and causes our employees feel most called to support.

Our goal is to achieve a 75% employee participation rate in YCH volunteer program in which we provide them with paid volunteer hours. We also aim to have 75% of our employees utilize their allotted 'give-back' dollars provided by YCH to organizations of their choice. Unfortunately, due to safety concerns revolving around the pandemic, the volunteer program was not offered during 2020, in order to protect the wellbeing of our employees and community members. We are hopeful and eager to join forces with our community partners again in 2021, and together we will continue to identify more opportunities to expand our community giving efforts.

ORGANIZATIONS THAT WE SUPPORT

- | | |
|--|--|
| ✓ 2nd Harvest | ✓ The Salvation Army |
| ✓ AgForestry | ✓ Tieton Arts & Humanities |
| ✓ American Red Cross | ✓ Wags to Riches |
| ✓ Camp Prime Time | ✓ Washington Wild |
| ✓ Central Washington Pony Club | ✓ Wellness House |
| ✓ Dungeon Boxing Club | ✓ Yakima AgTech |
| ✓ Grand Columbia Boy Scouts of America | ✓ Yakima Business Certification - University of Washington |
| ✓ Heartlinks Hospice & Palliative Care | ✓ Yakima Chamber Foundation |
| ✓ La Casa Hogar | ✓ Yakima Greenway Foundation |
| ✓ Northwest Harvest | ✓ Yakima Humane Society |
| ✓ Nuestra Casa | ✓ Yakima Memorial Foundation |
| ✓ Peace Keeper Society | ✓ Yakima School District |
| ✓ Rod's House | ✓ YouthWorks-Mr. Davis Pageant |
| ✓ Selah Rebel Riders 4-H club | |

DONATION BREAKDOWN



"Even during a 'normal' growing season many of our farm employees are juggling duties and must efficiently work together to harvest a quality hop crop. 2020 brought many challenges to our farming operations and our rural community in general, so it was our pleasure to host a Peacekeeper Society food distribution event. The volunteers were a team of passionate and encouraging people who want to help anybody and everybody. We were impressed with this wonderful organization and now provide a permanent location and utilities for food storage so our friends at Peacekeeper Society can continue to serve our community and beyond. We believe it is important to look out for our neighbors, especially during these unprecedented times, and are grateful for this continued opportunity to serve and promote unity."

JESSICA RIEL
DOUBLE R HOP RANCHES, INC



GIVEBACK DURING COVID-19

While COVID-19 disrupted the lives of everyone across the globe, it was without a doubt the underserved communities that were hit the hardest. One of the ways we stepped up with a plan to lessen the financial and emotional stress of local families in need was by providing food distribution assistance.

Yakima Chief Hops was proud to support nearly 5,000 local families with food assistance through various partnerships throughout our local community non-profit partners. With the emphasis on working together to end hunger, YCH volunteered time and resources to provide meals to neighbors in need. We recognize that this is a global issue, and we are looking to find ways to expand our reach on an annual basis.

210 | **GIVE-BACK HOURS ALLOCATED**
AS PART OF YCH'S CORPORATE GIVEBACK PROGRAM

\$162,480 | **DONATED**
TO NON-PROFIT ORGANIZATIONS

\$450,000 | **DONATED**
FROM COMMUNITY BLEND SALES



COMMUNITY BLENDS

The members of the craft beer community are well known for their passion in supporting important social causes through collaboration. Breweries are some of the first businesses to step up and create charitable beer projects in times of need such as natural disasters or people in crisis. This passion, along with our culture of giving back, inspires us to create opportunities for us all to come together and create something Bigger Than Beer. The best way we can help our customers give back is



32 | # OF COUNTRIES
PINK BOOTS BLEND WAS USED IN

29K | LBS SOLD
OF PINK BOOTS BLEND

752 | # OF BREWERIES
PARTICIPATING IN BREW DAYS

The 4th Annual - 2020 Pink Boots Blend was comprised of Ahtanum®, Cashmere, Citra®, Loral®, and Sabro® in partnership with Pink Boots Society, a global nonprofit organization dedicated to women in the brewing profession.

to provide what we know best: hops! We are continuing to improve and expand our Community Blend program in which uniquely crafted hop blends are used to brew beer, with a portion of the sales proceeds from the hop blend benefiting a featured not-for-profit organization. These efforts are often multiplied, as many breweries will also choose to donate proceeds from the sale of their beers to the same or similar causes.



2 | # OF COUNTRIES
VETERANS BLEND WAS USED IN

9K | LBS SOLD
OF VETERANS BLEND

277 | # OF BREWERIES
PARTICIPATING IN BREW DAYS

The 3rd Annual - 2020 Veterans Blend was comprised of five Pacific Northwest-grown varieties including HBC 630, Talus™, Idaho 7®, Mosaic®, and Sabro® benefiting the Gary Sinise Foundation.

PARTNERING WITH PURPOSE

We're not afraid to take on complex social challenges, but also understand we cannot do it alone. That's why we work collectively to achieve more impact. We partner with those doing the hard work on the ground and support their efforts by using our voice and resources to support the work outside of our walls. We actively engage with other organizations to assess their needs, brainstorm solutions, and provide the most appropriate support. We volunteer with them and join important conversations. And we unite in our efforts to positively impact the lives of others.



ALL TOGETHER

We recognized that during these unpredictable and challenging times of social distancing and new safety protocols, the brewing and hospitality industries were taking some of the hardest financial hits. Facing government restrictions and new health guidelines, the repercussions cascaded from the families of servers, bartenders, and dishwashers.

For the past decade, breweries have created relief beers for communities in need. This time, brewers that are able are joining forces to support their own, providing relief to their industry colleagues that are struggling with issues relating to COVID-19. Created by Other Half Brewing Co, YCH was happy to donate hops towards the All Together project, the world-wide open-ended beer collaboration created to raise support and awareness for breweries facing these challenges. They're providing participants with all of the tools needed, including the recipe and artwork, to brew a beer at the lowest cost possible.



BLACK IS BEAUTIFUL

At Yakima Chief Hops, we recognize and embrace the diversity of not only the hop and brewing industry but of our global communities. We recognize the color of people's skin and the injustices they face because of it. We recognize that this is a systemic issue that is woven throughout our nation, from our justice system to our healthcare system.

This is a humanity issue, not a political issue, and we strongly believe in promoting inclusivity through the way we interact with our communities as well as promoting anti-racism by the way we support and acknowledge black, indigenous and people of color.

While the world fights for the basic human rights of ALL people, we wish to elevate and amplify those voices in any way that we can.

We were given the incredible opportunity to support this important dialogue through the Black is Beautiful initiative, organized by Weathered Souls Brewing. More than 1,200 breweries across 22 countries joined this collaborative beer project in the pursuit of drawing awareness to these injustices, bridging the gap and supporting equality and inclusiveness.



WILDFIRES

Amidst a global pandemic, we also watched as wildfires spread across the western states, adding a natural disaster to the unprecedented health crisis we were already facing as a country. As an organization and network of family farms rooted in the Pacific Northwest, these wildfires affected our own local communities, including growers, brewing customers, suppliers, employees, friends and family.

In the spirit of our philosophy, #CommunityisChief, YCH donated to non-profit resilience funds to support our neighbors affected by the fires. Monetary donations are an important component for relief organizations such as the American Red Cross during the initial phases of a natural disaster.



RISING HOPE

Yakima Chief Hops had the honor of participating in a nationwide charity brew called Rising Hope IPA to benefit the National Pediatric Cancer Foundation. This was our second year participating in this incredible project that helps increase awareness and supports the advancement of cancer research. The goal is to select one brewery from each of the 50 states to partner with YCH and the NPCF to brew the annual beer. All proceeds generated through this amazing collaboration are directed towards supporting pediatric cancer research.

#BIGGERTHANBEER

LOOKING FORWARD:

ENHANCE OUR COMMUNITY PRESENCE AND PURPOSEFUL PARTNERSHIPS

With growth comes responsibility to lift our surrounding communities. These community-based programs are a way of acknowledging that our greatest assets to the community are the passionate people of YCH who find joy in helping others, and we want to empower them to do so.

2020 taught us a lot about what it takes to build a resilient community, and with that said we've committed to enriching our communities where we operate to make them better places to work and live. We look forward to making more of an impact in years to come by increasing our investments, expanding our efforts and building meaningful partnerships.

OUR 2025 GOALS

- 🎯 **CONTRIBUTE** 1% of sales towards community enhancement projects
- 🎯 **ACHIEVE** 75% employee participation rate in YCH volunteer program
- 🎯 **ACHIEVE** 75% employee utilization of 'give-back' dollars towards NGO of their choice

GRI INDEX

	GENERAL DISCLOSURE	GENERAL TITLE	CROSS-REFERENCE, ANSWER, OR ADDITIONAL INFORMATION	ADDITIONAL REFERENCE
ORGANIZATIONAL PROFILE	102-1	Name of the organization	Yakima Chief Hops, LLC	
	102-2	Activities, brands, products, and services	All of our products are made available on our company website: www.yakimachief.com & www.yakimachiefhemp.com None of our products are banned in certain markets	
	102-3	Location of headquarters	306 Division Street Yakima, Washington 98902	
	102-4	Location of operations	Yakima Chief Hops has operations located in: United States, Europe, Australia and Asia	
	102-5	Ownership and legal form	Yakima Chief Hops LLC	
	102-6	Markets served	We serve all customers, from home brewers to the largest global breweries. In the 2019 report, our customer segments were reported in accordance with Brewer's Association designations. Our customer segment designations have since changed and are still being reevaluated to better represent our customer base. We work with family hop farms and source hops from the Pacific Northwest (USA), Europe, and Australia. Our hops are sold globally to a majority of countries.	
	102-7	Scale of the organization	Total number of employees: 325 full time employees. Total number of operations: We define major operations as Yakima and Sunnyside, Washington & Brussels, Belgium. Net Sales: This information classifies as legal information, confidential to YCH, and therefore cannot be disclosed. Total capitalization: This information classifies as legal information, confidential to YCH, and therefore cannot be disclosed. Quantity of products or services provided: This information classifies as legal information, confidential to YCH, and therefore cannot be disclosed.	
	102-8	Information on employees and other workers	Total number of employees by employment contract (permanent and temporary), by gender: Permanent, F:86 Permanent, M: 177 Whether a significant portion of the organization's activities are performed by works who are not employees. If applicable, a description of the nature and scale of work performed by workers who are not employees: As an agricultural cooperative and CPG company, we rely on agricultural workers to harvest crop in the hop fields and seasonal employees to fulfill harvest requirements. Any significant variations in the numbers reported in Disclosures 102-8-a,102-8-b and 102-8-c (such as seasonal variations in the tourism or agricultural industries): N/A An explanation of how the data have been compiled, including any assumptions made: Temporary is defined by the following employment types: Seasonal, Intern, Temporary. Part-Time is defined by the following employment types: Part-Time, Seasonal, Intern, Temporary.	

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ORGANIZATIONAL PROFILE	102-9	Supply chain	As a farmer-owned and farmer-led organization since 1988, YCH includes approximately 65 family hop farms throughout the Pacific Northwest, specifically Washington, Oregon, and Idaho. These growers provide high-quality hops and benefit directly from the organizations growth and success. Over the years, as demand for YCH products has grown, we have added production capacity with respected co-manufacturing partners to meet the needs of our customers beyond the Pacific Northwest. Our growth supports more than 300 YCH employees, our grower-owners, allied farms and has also enabled us to invest millions of dollars back into our communities to help them thrive. So, while we are growing beyond the Yakima Valley geographic borders, we are doing so in a way that enables us to bring more high-quality hop varieties to more people, responsibly. Our Supply Chain Team has a broad range of responsibilities to deliver our products, on time and in full, to the correct location to meet customer demand. To accomplish this, the Supply Chain Team works tirelessly with our growers to ensure sustainable sourcing practices of our hop varieties , and management of supplier and external manufacturer relationships. It also calls for demand planning, supply planning, warehousing, logistics, shipment management, as well as supplier relationship and performance management.	
	102-10	Significant changes to the organization and its supply chain	We did not make any significant changes to our organization's size, structure, ownership or supply chain in 2020.	
	102-11	Precautionary Principle or approach	Yakima Chief Hops approach to risk management includes the adoption of the precautionary principle: where there may be threats of serious or irreversible impact but a lack of full scientific certainty, we will not use this as a reason for postponing cost effective measures to prevent negative or harmful environmental or social impacts. We apply the proactive principles through our food safety management system. We continuously strive to improve our performance through internal audits and customer audits.	
	102-12	External initiatives	For a complete list of all our certifications can be found on our company website: https://www.yakimachief.com/certifications/	
	102-13	Membership of associations	Hop Resource Council, Washington Hop Commission, Oregon Hop Commission, Hop Growers of America, Brewers Association, Pink Boots Society, Yakima Chief Ranches, WA Wild, International Hop Growers Convention. Additionally, we are committed to providing leadership and working collaboratively to solve complex social issues within our communities. We work directly with local government and nonprofit partners to understand community need, anticipate and address potential barriers to progress, and—working together—we strive to adopt meaningful solutions. Where possible, we provide industry leadership and expertise for our partners. This includes advocating for issues material to our business at a local, regional and state level.	
STRATEGY	102-14	Statement from senior decision-maker	Please refer to our introduction section.	
ETHICS	102-16	Values, principles, standards, and norms of behavior	Mission: To connect family farms with the world's finest brewers, providing the highest quality hop products and uncompromising service for the ultimate benefit of our customers, employees and growers. Vision: Our vision is to be the global supplier of choice. We want our passion for preserving the planet, treating people with respect and dignity, and our commitment to healthy communities to be reflected in every beer brewed with our hops.	

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GOVERNANCE STRUCTURE	102-18	Governance structure	YCH is a grower-owned and grower-led organization. Our board of directors and executive leadership team are regulations that direct the management and operation of YCH. Under the direction and discretion of the board, the CEO has the general charge of the business operations of YCH, including implementation of our Chief Commitments dedicated to our stewardship. Management is responsible for implementing the direction, policies, rules and regulations adopted by the board. YCH's sustainability program, including management of climate-related issues, is overseen by our Corporate Social Responsibility Team. The team is an extension of the company's cross-functional mentality and is made up of senior leaders from across the business, including HR, Marketing, Sales, Supply Chain, Finance. The committee is also responsible for communicating our sustainability priorities, including our position on climate change, to our stakeholders in order to continually integrate sustainability and climate change management into our business model.	
STAKEHOLDER ENGAGEMENT	102-40	List of stakeholder groups	Yakima Chief Hops stakeholder groups include: Grower-owners, allied-growers, employees, consumers, customers, suppliers, local communities and neighbors	
	102-41	Collective bargaining agreements	None of our employees based in the United States are unionized or subject to collective bargaining agreements. Employees based in some other countries may, from time to time, be represented by works councils or unions or subject to collective bargaining agreements.	
	102-42	Identifying and selecting stakeholders	Stewardship at YCH means that we set out to maximize our net-positive impact and help our entire value chain do the same. We take a systems approach with a triple-bottom-line discipline to run our business, where financial capital, human capital and natural capital are given balanced consideration, and a comprehensive and long-term outlook guides our actions. Our stakeholders are both people and organizations impacted by our business decisions, and include: academics, board members, community members, competitors, consumers, industry leaders and nonprofit partners. Our stewardship framework is centered on commitments to our six key stakeholders that encompass the issues most important to our business. These six commitments are: Thriving Farms, Healthy Hops, Inspired Consumers through product excellence, Prosperous Planet, Empowered Employees, and Enriched Communities. Together they represent the values that we share and our ongoing work to support key stakeholder groups: Grower-owners, allied-growers, consumers, customers, suppliers, employees, local communities, and neighbors.	
	102-43	Approach to stakeholder engagement	We engage with employees through data collection forms distributed to all global locations, enabling us to analyze year-over-year differences, evaluate progress towards our publicly stated goals, and identify opportunities to reduce our environmental impact. We also use this information to evaluate and manage asset-level risks and understand our potential vulnerability to changing regulations. On an ongoing basis, we engage our stakeholders to drive stewardship progress across our value chain on issues such as greenhouse gas and water management.	

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STAKEHOLDER ENGAGEMENT	102-44	Key topics and concerns raised	YCH's material issues have been organized into commitments to our six key stakeholders. These are topics embedded into our six Chief Commitments: Thriving Farms is our commitment to our growers. The most common topics raised by this stakeholder group are long-term economic viability, succession planning, political advocacy and good agricultural practices. Healthy Hops is our commitment to sustainable agricultural practices. The most common topics raised on behalf of this stakeholder are ensuring sustainable farming practices are implemented to promote healthy growing environments for our hops. Protecting Our Planet is our commitment to the environment. The most common topics raised on behalf of this stakeholder are climate change, water quality, food waste, soil health, nutrient management, air emissions, and conservation and regenerative agriculture. Inspired Consumers through product excellence. The most common topics raised by this stakeholder group are quality and safety, wholesomeness, responsible sourcing, trust and transparency. Empowering Employees is our commitment to our workforce. The most common topics raised by this stakeholder group are safety, culture, attraction and retention of talent, and inclusion, diversity and equity. Growing Community is our commitment to the communities where we operate. The most common topics raised by this stakeholder group are community health and identify, rural resilience, food security, workforce housing, healthy children, thought leadership and collaboration.	
	102-45	Entities included in the consolidated financial statements	This information classifies as legal information, confidential to YCH, and therefore cannot be disclosed.	
	102-46	Defining report content and topic Boundaries	We follow GRI's Materiality principle: ""aspects that reflect an organization's significant economic, environmental and social impacts, or substantively influence the assessments and decisions of stakeholders."" We define our topic boundaries as commitments materials to YCH in context of our business model, sustainability impacts and stakeholder relationships.	SDG 17
REPORTING PRACTICE	102-47	List of material topics	YCH's material topics covered in our CSR strategy and reporting are listed below, classified under respective stewardship commitments 'Chief Commitments'. They are also elaborated upon in our 2020 CSR Report: Thriving Farms: Economic Performance, Health Hops: Sustainable Agricultural Practices, Inspired Consumers through product excellence: responsible sourcing of materials, food safety and product quality; packaging, Protecting Our Planet: Energy, emissions and climate change; water and effluents; waste, Empowered Employees: Our culture, occupational health and safety, Growing Our Community: Community Enrichment.	
	102-48	Restatements of information	None.	
	102-49	Changes in reporting	There have been no significant changes to material topics or topic boundaries.	
	102-50	Reporting period	As YCH transitioned our fiscal year parameters, the reporting period covers August 31, 2019 through December 31, 2020.	
	102-51	Date of most recent report	Our fiscal year 2019 CSR report was published in April 2020.	

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REPORTING PRACTICE	102-52	Reporting cycle	We intend to publish a CSR Report each year.	
	102-53	Contact point for questions regarding the report	Contact Us: 306 Division Street Yakima, Washington 98902 Phone: 1-800-952-4873 Email: hops@yakimachief.com	
	102-54	Claims of reporting in accordance with the GRI Standards	This report has been prepared in accordance with the GRI Standards: core option.	
	102-55	GRI content index	YCH is in accordance with GRI core. Please refer to the GRI Content Index.	
	102-56	External assurance	We are not currently seeking external assurance	
MANAGEMENT APPROACH	103-1	Explanation of the material topic and its Boundary	YCH's material topics covered in our CSR strategy and reporting are listed below, classified under respective stewardship commitments 'Chief Commitments'. They are also elaborated upon in our 2020 CSR Report: Thriving Farms: Economic Performance, Health Hops: Sustainable Agricultural Practices, Inspired Consumers through product excellence: responsible sourcing of materials, food safety and product quality; packaging, Protecting Our Planet: Energy, emissions and climate change; water and effluents; waste, Empowered Employees: Our culture, occupational health and safety, Growing Our Community: Community Enrichment. Additional explanations of our material topics can be found on our company website: https://www.yakimachief.com/corporate-social-responsibility/	
	103-2	The management approach and its components	Please refer to the introduction section of the report on YCH's commitment to our management approach to our CSR strategy and overall stewardship.	
	103-3	Evaluation of the management approach	Our stewardship framework is centered on commitments to our six key stakeholders that encompass the issues most important to our business. These six commitments are: Thriving Farms, Healthy Hops, Inspired Consumers through product excellence, Prosperous Planet, Empowered Employees, and Enriched Communities. Together they represent the values that we share and our ongoing work to support key stakeholder groups: Grower-owners, allied-growers, consumers, customers, suppliers, employees, local communities, and neighbors.	
ECONOMIC	201-1	Direct economic value generated and distributed	Financial Distributions: 76% Return to growers, 12% Employee wages & benefits, 9% operating expenses, 3% returns to providers of capital. Additional information can be found on our company's website: https://www.yakimachief.com/corporate-social-responsibility/	
	201-4	Financial assistance received from government	YCH did not receive any financial assistance from the government.	
	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Yakima Chief Hops provides competitive wages for our region.	SDG 8
	205-1	Operations assessed for risks related to corruption	YCH participates in annual third-party financial audit where our internal controls are reviewed to make sure we have proper segregation of duties reducing the risk of fraud or embezzlement. As part of YCH's overarching risk assessment protocol all production lines, warehouses, etc. can be audited by different organizations.	
	205-3	Confirmed incidents of corruption and actions taken	YCH has not encountered any incidents of corruption.	

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ENVIRONMENTAL	301-1	Materials used by weight or volume	39,425,000 pounds of hops used during fiscal year 2020.	
	301-2	Recycled input materials used	Percentage of recycled general waste - 0.37.	
	302-1	Energy consumption within the organization	Total fuel consumption within the organization from non-renewable sources: 37,873 kwh Total fuel consumption within the organization from renewable sources: 856,391 kwh Total electricity consumption: 11,780,291 kwh Total heating consumption: 5,852,901 kwh Total cooling consumption: 0 kwh Total steam consumption: 0 kwh Total electricity sold: 0 kwh Total cooling sold: 0 kwh Total steam sold: 0 kwh Total energy consumption: 18,503,556 kwh Standards, methodologies, assumptions and/or calculation tools used: We use billing information to calculate fuel consumption. We use a third-party developed, custom calculation tool to measure energy use.	
	302-2	Energy consumption outside the organization	Farm-level energy consumption: 2,000 Metric Tons of GHG	
	302-3	Energy Intensity	Energy Intensity Ratio: 0.38 kwh/RHE	
	302-4	Reduction of energy consumption	Total reductions in energy consumption from solar panels: 856,391 kwh	SDG 12
	303-1	Water withdrawn by source	The importance of water conservation and efficiency cannot be overstated, especially as drought conditions continue to threaten the areas where we source our hops. From an agricultural perspective, our growers draw water from rivers, streams, and other tributaries to provide adequate volumes of water to their fields. With the advent of drip irrigation, our growers are now able to deliver water directly to the roots of their crop, allowing for water to be used effectively and efficiently. On average drip irrigation saves approximately 70 percent of total water usage as compared to conventional sprinkler irrigation.	SDG 7 & 9
	303-2	Management of water discharge related impacts	Yakima Chief Hops maintains compliance with all local, state, and regional regulatory requirements as it pertains to effluent discharge.	SDG 7
	303-4	Water discharge	Yakima Chief Hops discharged: 1,669,424 gallons of water to the onsite retention pond during 2020	
	303-5	Water consumption	Total water consumption: 9,296,114 gallons	SDG 7
	305-1	Direct (Scope 1) GHG emissions	Gross Direct Scope 1 GHG Emission: 8,262 Metric Tons CO2	SDG 14
	305-2	Energy indirect (Scope 2) GHG emissions	Gross Indirect Scope 2 GHG Emissions: 5,615 Metric Tons CO2	SDG 12 & 14
	305-3	Other indirect (Scope 3) GHG emissions	Gross Indirect Scope 3 GHG Emissions: 149,293 Metric Tons CO2 Standards, methodologies, assumptions, and/or calculation tools used: Our Scope 3 GHG emissions have been computed in accordance with the Greenhouse Gas (GHG) Protocol, developed by the World Resources Institute (WRI) and World Business Council for Sustainable Development (WBCSD) in partnership with Quantis. As per the GHG Protocol, the Intergovernmental Panel on Climate Change's (IPCC 2013) recommendations for Greenhouse Gas global warming potentials (GWP) are applied to compute the Climate Change impact.	SDG 14

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ENVIRONMENTAL	305-4	GHG Emissions Intensity	GHG Emissions Intensity Ratio: 0.32 lbs. CO2/RHE	SDG 14
	305-5	Reduction of GHG emissions	CO2 Recovery System GHG Reductions: 1,080 Metric Tons of CO2 Solar Panel System GHG Reductions: 610 Metric Tons of CO2	SDG 7 & 13
	306-1	Waste generation and significant waste-related impacts	Yakima Chief Hops is mindful of our waste generation throughout our value chain and has identified areas in mitigate the volume of waste produced. Utilizing circular practices, YCH recaptures CO2 utilized in our CO2 extraction process to bring back into products. All spent hop pellets are sent to local dairy farms to be used as cattle feed, totaling approximately 2,000 Metric Tons a year. Additionally, all cardboard and scrap metal collected onsite is also recycled.	SDG 7 & 13
	306-2	Waste by type and disposal method	Total weight of hazardous waste: 6,632 lbs. (all hazardous waste is handled by a certified waste handling company and hauled off for proper disposal.)	SDG 7 & 13
	306-3	Significant Spills	Yakima Chief Hops has had no significant spills.	
SOCIAL	401-1	New employee hires and employee turnover	Total number of new employees for 2020: 36 new employees. Employee turnover rate: 14.14%	SDG 7 & 13
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Yakima Chief Hops offers a comprehensive benefits package which includes: health management plans, dental, vision service plan, basic life/AD&D insurance, long term disability, employee assistance program, 401(k) retirement plan, vacation packages, and 10 recognized holidays.	SDG 6
	402-1	Minimum notice periods regarding operational changes	30 days. There are no collective bargaining agreements at YCH.	SDG 12
	403-1	Occupational health and safety management system	Yakima Chief Hops has a developed a safety and health program internally made up of department managers across the entire organization. Each month individuals meet to discuss safety issues and deploy other risk mitigating efforts within the organization.	
	403-4	Worker participation, consultation, and communication on occupational health and safety	Yakima Chief Hops has a developed a safety and health program internally made up of department managers across the entire organization. Each month individuals meet to discuss safety issues and deploy other risk mitigating efforts within the organization.	SDG 8
	403-5	Worker training on occupational health and safety	Yakima Chief Hops has a developed a safety and health program internally made up of department managers across the entire organization. Within the program, safety training opportunities are provided.	SDG 8
	404-1	Average hours of training per year per employee	40 hours on average awarded towards training per year, per employee.	
	404-2	Programs for upgrading employees skills and transition assistance programs	Recognizing the mutual benefits derived from personal growth and increased work competence, Yakima Chief Hops (YCH) provides financial assistance to employees interested in furthering their formal education. This program is particularly relevant as it relates to the employee's ability to perform their current role and/or advance within the company. Below is a summary of the Education and Tuition Assistance Program (ETAP).	
	404-3	Percentage of employees receiving regular performance and career development reviews	81% of full-time employees received performance reviews.	

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SOCIAL	405-1	Diversity of governance bodies and employees	Gender - Male: 52%, Female: 48% Age Group: Under 30 years old: 168, 30 to 50 years old: 246, over 50 years old: 75	SDG 4 & 8
	408-1	Operations and suppliers at significant risk for incidents of child labor	Yakima Chief Hops does not employee nor do we work with any suppliers who employ underaged child workforce.	SDG 4 & 8
	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Yakima Chief Hops does not employee nor do we work with any suppliers who participate in forced or compulsory labor in their operations.	SDG 4 & 8
	410-1	Security personnel trained in human rights polices	YCH does not employ security personnel.	SDG 4 & 8
	411-1	Incidents of violations involving rights of indigenous peoples	None.	SDG 8
	412-1	Operations that have been subjected to human rights reviews or impact assessments	None.	SDG 8
	413-1	Operations with local community engagement, impact assessments, and development programs	Yakima Chief Hops strives to be assets to all our communities in which we work, serve, and play through various community development programs.	SDG 8
	413-2	Operations with significant actual and potential negative impacts on local communities	YCH has not received any official complaints of negative impacts from the community. Both campuses are located in industrial areas with limited residential populations. both our facilities and farm suppliers have some potential to negatively impact the community (air quality, fertilizer/pesticide run-off, traffic, etc.) if not managed properly.	
	414-2	Negative social impacts in the supply chain and actions taken	None.	
	417-3	Incidents of non-compliance concerning marketing communications	None.	
	419-1	Non-compliance with laws and regulations in the social and economic area	There have been no monetary fines or sanctions against our organization. Our facilities have been in compliance with all regulatory agencies (federal, state, regional, and local).	SDG 11
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YAKIMA CHIEF - HOPS -

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Please consider the environmental impact before printing this report.