



TM

**YAKIMA
CHIEF
- HOPS -**



**GREAT BEER
GROWS HERE™**

CORPORATE SOCIAL RESPONSIBILITY REPORT 2019

A photograph of two men standing in a hop field. The man on the left is wearing a teal polo shirt, dark pants, and a baseball cap. The man on the right is wearing a dark grey t-shirt, dark pants, and a baseball cap. They are both looking at a hop plant. The background is filled with rows of hop plants, and the foreground is a blurred hop plant.

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

GREG TROOST & MARK HANSON
TV HOPS

2019 CORPORATE SOCIAL RESPONSIBILITY

REPORT
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OUR COMPANY



Yakima Chief Hops is a 100% grower-owned global hop supplier sourcing from a network of multi-generational family farms that represent hundreds of years of farming experience. Our mission is to connect these family hop farms with the world's finest brewers, sharing their stories and promoting transparency across the supply chain, while providing premium quality hops and uncompromising service.

Our vision extends this passion for quality and connection and defines us as the global hop supplier of choice, focused on the sustainable production of innovative hop products. We aim to provide products that act as solutions, allowing brewers to stay creative and competitive in the industry. As hop masters and beer geeks, we also seek to be a resource, as we explore and share information that supports the brewing community.

As a grower-owned organization, we are uniquely positioned to influence and monitor not only the quality of our products but the sustainability efforts taken across the supply chain, from breeding to production. We view our responsibilities holistically, as we engage with our entire supply chain to drive improvement and maximize value for our people, planet and products. We are driven by a profound appreciation for our natural resources and a heartfelt respect for the communities and customers we serve.

OUR MISSION, VISION & VALUES

As a 100% grower-owned supplier, we are uniquely positioned to establish and promote strong relationships between our growers and brewing customers.

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.

Our vision extends this passion for quality and connection and defines us as the global hop supplier of choice, focused on the sustainable production of innovative hop products. We are a responsible neighbor and asset to our communities, enriching the products, businesses and lives of everyone we encounter.

For our staff, being a valuable contributor to the customers and communities we serve means that we view our responsibilities holistically. We engage with our entire supply chain to drive improvement and maximize value for our people, planet and products. The core values contained within our PRIDE statement help define our focus and demonstrate our priorities as a team. At the end of the day, they are more than just words; they are the cornerstone of our approach to delivering premium quality hops.

OUR CORE VALUES

PASSION

For people, product, planet & process.

RESPECT

Teamwork & collective responsibility.

INTEGRITY

Transparency & accountability in all we do.

DEDICATION

To quality & sustainability.

EXCELLENCE

An emphasis on innovation & continuous improvement.



MISSION

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

We are the global hop supplier of choice, focused on sustainably produced, innovative hop products. We are a responsible neighbor and asset to our communities, enriching the products, businesses and lives of everyone we encounter.



VALUES

Passion, Respect, Integrity, Dedication, Excellence

The core values contained within our PRIDE statement help define our focus and demonstrate our priorities as a team. At the end of the day, they are more than just words; they are the cornerstone of our approach to delivering premium quality hops.

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



FOREWORD

Hop Country USA – home to over 50 family farms throughout the Pacific Northwest dedicated to growing quality hops for more than six generations. It's a special place on this rock of ours and our growers understand the importance of sustaining their efforts to ensure a bountiful harvest for generations to come. Here at Yakima Chief Hops, we represent generations of farming knowledge and tradition handed down from grower to grower who want their farms to be around forever. That is why we continue to put in the hard work, utilize sustainable practices, conserve our resources and make decisions based on a long view.

Our farmer-owned company puts the decision-making power in the trusted hands of our growers with the belief that great beer begins at the farm. As an organization, we recognize our responsibility to ensure growers are sufficiently rewarded for their hard work, placing an emphasis on generational returns, not just quarterly ones. With better returns to growers, they are able to reinvest in their farms, allowing them to remain sustainable and maintain their operations year after year. Beyond monetary dividends, our growers understand the benefits of being part of a farmer-owned organization. Together, we have made the fundamental decision to only source hops from suppliers who share our same values, taking a more holistic approach to sustainability.

At a time where climate change is ever so present, our growers recognize that a successful harvest is directly related to the proper handling of our precious natural resources, understanding that the land, air and water that they care for are the cornerstones of success. Through the evaluation of Life Cycle Analysis (LCA) assessments we have helped reduce our greenhouse gas emissions, become more conscious of our water usage, and invested in alternative energy to lessen our dependence on fossil fuels within our production facilities and at the farm-level. With the ideology of what gets measured gets managed – we are serious in our efforts to reduce our overall impact on the environment.

Recognizing the tangible business benefits of disclosure and action, we have raised our ambitions and are actively taking meaningful steps to address climate change, deforestation, and water security, to name a few. YCH is proud to be moving the needle in the industry by participating in the Carbon Discloser Project and setting a Science Based Target. This ensures both long-term sustainability and profitability, as well as equipping us to respond to regulatory and policy changes.

In addition to being environmental stewards, we pride ourselves on promoting the well-being of our employees and being active members in our local communities. We are a family organization that continues to grow by welcoming diverse talent into our organization with an emphasis on safety awareness and providing training and development to our teams. With farms and employees located across the globe, we strive to strengthen the communities in which we live through supporting local businesses, volunteering, financial contributions and educational outreach.

We're proud of what we've mutually accomplished to support socially responsible actions. However, more can be done, and we pledge to continue those efforts and continually improve upon our mission, vision and values. This report highlights some of the work we've accomplished and some specific aspects we continue to focus on as an organization. Yakima Chief Hops has taken large strides to push our innovative approach across the supply chain and establish goals that will continuously improve our impact on Corporate Social Responsibility; for a sustainable now and a sustainable future.

Best,
Steve Carpenter
Chief Supply Chain Officer

A handwritten signature in black ink, appearing to read 'Steve Carpenter'.



HOPS HAVE NO BORDERS; THEIR INFLUENCE IS GLOBAL. THE AROMAS AND ACIDS ARE SHIPPED ACROSS THE PLANET, ALL IN THE PURSUIT OF A QUALITY GLASS OF BEER. WE'RE NOT SAVING THE WORLD BUT WE'RE MAKING PEOPLE HAPPY – AND THAT IS SOMETHING WE THOROUGHLY ENJOY DOING.

OUR APPROACH TO SUSTAINABILITY

HARVESTING SUCCESS...SUSTAINABLY

We believe that the true meaning of sustainability is to meet the needs of the present without compromising the ability of future generations to meet their own needs.

After all, so many of our growers have been farming the same lands for generations with the hopes of passing on those same opportunities to their children and grandchildren. They will be the first to tell you that a farmer must nurture all aspects of their operations in order to thrive—from the land they harvest to the workers they employ.

As a grower-owned company, we have sought to honor those values by addressing the pillars of sustainability vital to our business: people, planet, product and process. Through our mission to connect family hop farms with the world's finest brewers, we create a supply system that offers value through long-term growth and stability for both our suppliers and customers.

At Yakima Chief Hops, after years of investing in our sustainable practices, we're continuing to sow a sustainable future right into the landscape of our business – from the way we build relationships with our growers and utilize technology to increase efficiency in production, to the way actively seek partners in our supply chain who share similar values as we do. We know that collectively we can accomplish much more and create meaningful change.

Sustainability is intricately entwined in quantitative and qualitative growth, both of which are deeply embraced by brewers and hop farmers, as we continually seek to improve our products and endlessly innovate. So what happens when the availability of quality beer and hops becomes the status quo? Do we cease to grow? No, we get better at the other aspects of business, such as how we operate and how we support life in the places we serve. Here is where quality permeates into the realm of sustainability—quality of work and quality of place are equivalent to sustainable livelihoods and sustaining our environment.

In order to realize this long-term sustainability and growth for both the hop and beer industries, we must promote the collaboration between hop growers and breweries. For those thousands of deeply passionate people who have joined the craft beer

industry in the past decade, it may be hard to believe that until very recently, communication between farmers and brewers was nearly nonexistent and mediated exclusively by brokers.

Needless to say, those times have changed. Each harvest brings to the Pacific Northwest not only a bounty of hops, but brewers and beer enthusiasts from all over the world. These visitors come to learn about the farms and facilities, select lots from the new crop year, and share their beers with the growers that developed and supply their main ingredient. By breaking down barriers within the supply chain and promoting transparency and communication between all stakeholders, we create the opportunity for a more sustainable future for the hop and beer industries.

The entire supply chain begins with the soil, in the fields where our prized varieties are nurtured and later evolved into aromatic & flavorful hops. When talking about sustainability, we often refer to the term “stewardship”. The meaning of the word reminds us that we are taking care of something that came before us and will be sustained long after we are gone. Therefore, it is our responsibility in the present to advocate and adopt sustainable strategies to leave the environment better than when we found it.

The path to a cleaner, healthier future begins with the small decisions we make each day. That is exactly why we incorporate sustainability into every aspect of our operations - from the fields to production. It is our desire to raise the bar in making smart use of Earth's resources, expecting the highest ethical standards throughout our supply chain, and creating products with both people and planet in mind. We are constantly looking for ways to have a positive environmental impact and be even more responsible in our energy, water, and other natural resources.

Each passing year gives us the opportunity to look back at milestones achieved and forward to new goals that will lead our continued sustainability focus. It's the dawn of a new decade and we are eager to take on 2020 and beyond by continuing to focus our efforts of being environmental stewards of the land we harvest and socially responsible neighbors and friends throughout our communities.

By publishing this report, we seek to strengthen our connection to our growers, customers and communities through transparent communication surrounding the progress of our existing initiatives and aspirations for the future. We hope you enjoy it!

2019 GOALS ACHIEVED

We aspire to lead the hop industry in sustainability, however whilst we work hard to realize our sustainability goals, the challenges posed to the world by climate change and biodiversity loss grow clearer and greater. We are constantly investing in new technologies, techniques and training to reduce our direct environment impacts and that of our suppliers.



INVESTING IN CLEAN ENERGY

Successfully captured 5% of our electricity demand through our solar panels.



SMART & SUSTAINABLE AGRICULTURE

25% of growers achieved Green Chief GREEN status. Introduced farm-level life cycle assessment to our growers to calculate gas emissions.



SAFETY IS CHIEF

Surpassed 2 years/730 days/17,520 hours without a lost time incident.

FUTURE OBJECTIVES

A summary of our new CSR objectives and goals can be found on page 35 of this report.



PLANET EVOLVE ENVIRONMENTAL MANAGEMENT SYSTEM

PROVIDE incentives to family hop farms that invest in reducing their carbon footprint.

REDUCE the impact of refrigerants & gases to the production carbon footprint by investing in improved systems.

REDUCE system-wide waste by exploring tactics to increase recycling and reuse of materials while also exploring responsible sourcing options.



PEOPLE INVEST IN PEOPLE

CONTINUE to invest in workforce education and training.

PROVIDE workforce with advancement opportunities by creating a pipeline of talent and professional growth assignments.



COMMUNITY GROW OUR COMMUNITY

GROW financial contributions to our local and global communities as we grow.

VOLUNTEER in our local communities to give back in meaningful ways beyond cash contributions.



REPORT OVERVIEW

At Yakima Chief Hops, we use Global Reporting Initiative (GRI) standards as a reference guide for conducting a structured and in-depth analysis of all areas of operations and our supply chain. GRI is an international, independent organization that helps businesses, governments and other organizations understand and communicate the impact of their business's critical sustainability issues such as climate change, human rights and corruption. With the ideology of what gets measured, gets managed – we have utilized the GRI process to create key metrics that track trends on a continuous basis which helped us establish strategic goals set by our company.

At YCH we greatly value multiple bottom lines, healthy natural resources, human well-being and, by extension, our YCH community. We also understand that businesses cannot prosper in a world plagued with poverty, inequality, violence and environmental stress. Therefore, as a company YCH believes doing well and doing good simultaneously is of paramount importance. We have aligned ourselves with the UN's Sustainable Development Goals (detailed in the pages that follow) to ensure that we can fuel and catalyze these global efforts.

The 2019 CSR Report has been prepared in accordance with the GRI core option and with the parameters listed above. At this time, we are not seeking external assurance. The reporting period is based on our fiscal year (August 2018 through July 2019) during which we harvest and process one year of hops. The content of this report was created by multiple department representatives and complied by members of the Marketing and Sustainability departments with oversight from the Executive and Leadership Teams. For a complete GRI index associated with this report, please visit our website yakimachief.com.

MEASURING OUR IMPACT



WHAT WE MEASURE

1

ENVIRONMENT

- ✓ Natural Resource Use
- ✓ Spills/Release into Land
- ✓ Raw Material Use
- ✓ Electricity Consumption
- ✓ Fuel Use
- ✓ Chemical and Hazardous Material Use

2

PEOPLE

- ✓ Workforce Education and Training
- ✓ Workplace Advancement

3

COMMUNITY

- ✓ Corporate Giving
- ✓ Volunteerism

We continue to measure our progress on various meaningful metrics. We present qualitative and quantitative information to the leadership team, executive team and board of directors to communicate our progress.



OUR STAKE- HOLDERS



Each year, we examine the extent of our environmental, social and economic impacts, along with the entities they affect. Embedding sustainability efforts in our daily operations have resulted in a positive impact on our business and for our stakeholders as well.



THE UN'S SUSTAINABLE DEVELOPMENT GOALS

With the intent to unify, guide and encourage sustainability efforts worldwide, the United Nations has implemented a set of 17 Sustainable Development Goals (SDGs). These SDGs are backed by a comprehensive set of 167 detailed targets, negotiated over a two-year period at the United Nations.

Cities, businesses, schools and organizations in every nation are challenged to act in accordance with the United Nations' Sustainable Development Goals. The increasingly global reach of YCH has compelled us to embrace the initiative with full passion and conviction as well.

Many of the goals outlined by the UN are intrinsic to our own philosophies and business practices. We have also made it a priority to implement more moving forward—all guided by our “Five P’s” approach to sustainability: People, Prosperity, Peace, Partnership and Planet.

To the right is an overview of how we contribute to the global mission of the UN Sustainable Development Goals.

COMMITTED TO DOING OUR PART

4 QUALITY
EDUCATION



Recognizing education is perhaps one of the most important ingredients to a happy, successful, and constructive life YCH participates in a tuition reimbursement program to employees for advanced education

6 CLEAN WATER
AND SANITATION



From the fields to operations YCH understands the importance of maintaining clean waterways and healthy water-related ecosystems in the Pacific Northwest.

7 AFFORDABLE AND
CLEAN ENERGY



Being situated in the PNW we are blessed with the ability to incorporate renewable and clean energy into our operations.

8 DECENT WORK AND
ECONOMIC GROWTH



Our family keeps growing - 14.5% employee growth rate from last year. Providing long-lasting careers that will provide long-term economic benefit for our communities.

11 SUSTAINABLE CITIES
AND COMMUNITIES



We are adopting a supporting new technology, such as our CO2 recovery system, one way in which we are committed to advancing our industry through innovation.

12 RESPONSIBLE
CONSUMPTION
AND PRODUCTION



Waste not, want not. The majority of our packaging materials are recyclable – for those that are not we are proactively researching alternative materials to reduce our waste diversion rate.

15 LIFE
ON LAND



Sustainable practices become best practices. Our growers recognize the importance of integrating sustainable and regenerative agricultural practices in their operations.



JOHN & LIZ COLEMAN
COLEMAN AGRICULTURE

A MESSAGE

FROM OUR OWNERS

Chief Seattle (Si'ahl) was credited with saying, "We do not inherit the earth from our ancestors; we borrow it from our children." Those words of wisdom capture the spirit of our generational commitment to the land we cultivate and nurture to grow hops. Most of us are farming land that our grandparents and great grandparents farmed, and we have an uncompromising commitment to leaving the land in good health to subsequent generations. We hold ourselves accountable to living up to that commitment by establishing sustainability goals for our farms and for Yakima Chief Hops.

But our commitment to sustainability doesn't end with environmental stewardship. We strive to be good neighbors in the communities in which we live and work and responsible employers to the good people who work beside us to produce our crops.

We consider Yakima Chief Hops to be an extension of our farms, and we want our commitment to sustainability to be reflected in everything we do and in every product we produce. Our vision is to be a responsible neighbor and asset to our communities, enriching the products, businesses and lives of everyone we encounter.

This report outlines our progress towards achieving that vision.



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



STEVE PERRAULT
PERRAULT FARMS

REVIEW OF THE YEAR

PLANET

WE EMBRACE OUR RESPONSIBILITY TO CO-CREATE A WORLD WHERE EACH OF US, OUR COMMUNITIES AND OUR PLANET CAN FLOURISH. IT HAS BECOME A PILLAR OF OUR ORGANIZATION AND A MAJOR ASPECT OF OUR COMPANY CULTURE.

As a grower-owned organization, having sustainability as part of our core values is something that comes naturally to us. It was natural for us as a grower-owned company to embrace sustainability as a core value. Our grower-owners come from multi-generational farms that rely on the land to survive. Each of them holds a strong desire to protect the environment so that the next generation can enjoy working the land and continue their legacy of providing the world with the highest quality hops.

Our long-term success as a company is dependent upon the health of the planet. This mindset forces us to operate with a holistic view of our environmental impact, being mindful of our business activities and striving to do the right thing while satisfying our customers' expectations.

Our business operations include everything from hop farming best practices and hop contracting, to maintaining an inclusive workforce and operating our production facilities. Each of our valued stakeholders—our growers, customers, employees, vendors and distributor partners—have unique needs and expectations. We prioritize our environmental sustainability efforts with our stakeholders by focusing on the things that have the greatest impact while staying true to our values.

We must run a robust business that allows us to support our growers, our customers and our employees far into the future. We believe being a successful organization means meeting our traditional business objectives while respecting our planet and seizing opportunities to leave it a better place than we found it.

At YCH we take responsibility for the entire lifecycle of our products and continue to examine how we use resources in our facilities and in the fields. The following information outlines our efforts to reduce our impact on the environment. Enjoy!





SUSTAINABILITY IS A JOURNEY, NOT A DESTINATION.

Our entire supply chain is built on sustainable values and we take our environmental impacts personally. Protecting our planet means that our growers can continue the legacy of their family farms, and we can continue growing our business and supporting our employees and customers. 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.



ENERGY

Electricity use continues to be one of the largest contributors to YCH's climate impact. 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.

OUR MISSION IS STRAIGHTFORWARD, WE AIM TO MAKE MORE OF AN IMPACT BY MAKING LESS OF ONE.

HERE IS HOW WE ARE ACTIVELY PURSUING THIS MISSION:

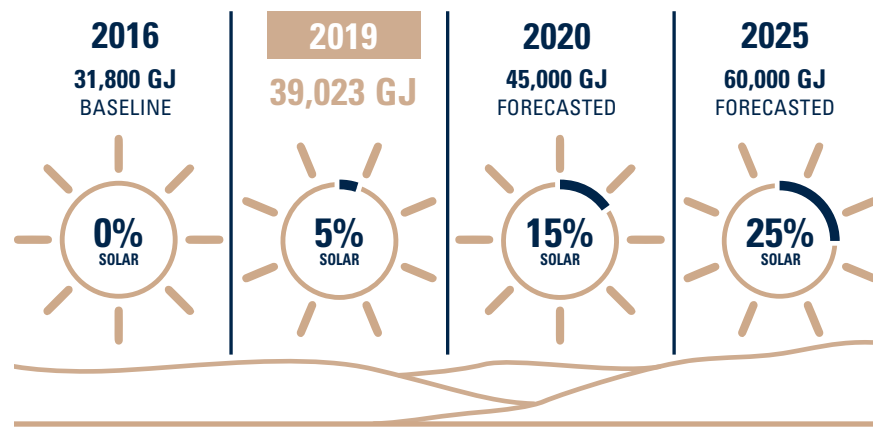
- ✓ Seek to use less energy through good building design and energy-efficiency measures (refrigerant and lighting upgrades)
- ✓ Generate our own energy (e.g., rooftop solar panels & anaerobic digestors)
- ✓ Contract directly with utilities for long-term renewable energy
- ✓ Purchase renewable energy credits

Burning nonrenewable fossil fuels to produce electricity and generate heat pollutes the air, soil, and water, accelerates global warming and further destabilizes an already unstable environment that is dependent upon hydrocarbons. By lowering our overall electricity demand from the grid, we are able to lower the impact our facilities have on global climate change.

We established a goal to generate 5% of power consumption from on-site solar and increase power generation by 2% annually. We are happy to report that with the installation of the new solar panels set to be installed later this year, YCH will be able to capture 10% of our overall energy consumption from the solar array.

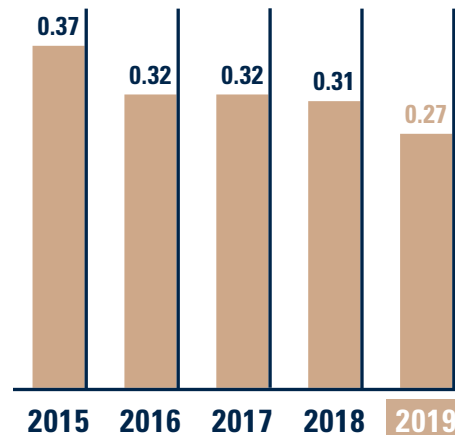
TOTAL POWER CONSUMPTION

CAPTURED BY OUR SOLAR PANELS



ENERGY INTENSITY RATIO

KWH/LB OF HOPS - MEASURED AGAINST RAW HOP EQUIVALENT



USING 27% LESS ENERGY FROM BASELINE YEAR 2015

Trends are considered friends, in this case it is our goal to become more environmentally friendly by investing in technologies that lessen our overall dependence on fossil fuels.

*All materials were quantified from inventory usage for the year.

ENERGY SAVED THROUGH SOLAR PANELS

231 METRIC TONS
OF CO2 EQUIVALENT

The amount of energy we saved
could have provided 40 homes
electricity for one year or 27
homes energy use for one year.*



* Information provided by Environmental Protection Agency's Greenhouse Gas Equivalencies Calculator:
www.epa.gov/energy/greenhouse-gas-equivalencies-calculator

CURRENT

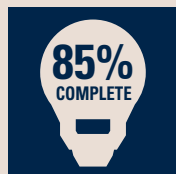
PRODUCE | **553,630 KWH (1,993 GJ)**
WITH ON-SITE SOLAR PANELS (51,810 SQ. FT)

OUR FUTURE GOALS

INCREASE | ON-SITE SOLAR PANEL COVERAGE TO
52,690 SQUARE FEET

REPLACE | ALL U.S. BASED FACILITIES WITH
100% LED OR CFL LIGHTS BY 2022

In Spring 2020, YCH will increase solar panel coverage to 52,690 SF. We're making more of an impact by making less of one. YCH is striving to increase the amount of renewable energy used across all facilities, with the ultimate goal of providing clean energy during our production process.



**ADDITIONALLY, WE ARE ON TARGET
TO REPLACE ALL OF OUR U.S. BASED
FACILITIES WITH 100% LED OR CFL
LIGHTS BY 2022.**





WASTE

Waste not, want not. It is with that mantra that YCH is dedicated to diverting as much material from the landfill as possible. We initially set our goals sky high with aspirations to become a zero waste-to-landfill company within a years' time. This was much harder than anticipated. This is still our end-goal, but we have set some short-term targets to help us reach it along the way. In the last year, YCH has grown a lot and consequently our footprint has with it, but we are committed to finding sustainable solutions to minimize and reduce waste.

WASTE ASPIRATION: BECOME A ZERO WASTE-TO-LANDFILL ORGANIZATION.

This aspiration drives us to implement more efficient business and environmental practices, as we seek ways to reduce the solid waste we create and the costs associated with it, such as packaging, disposal and shipping. 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 and less garbage is good for beer lovers and the planet. Eliminating waste is good for our business and good for the environment.

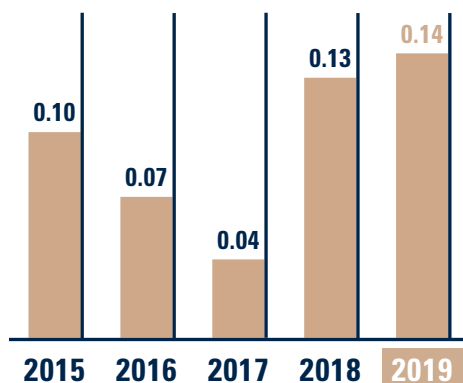
MATERIAL DISPOSAL

As a means to protect the quality of our products during storage and transportation from the farms to YCH facilities, and from our facilities to customers, large quantities of packaging material are required. Much of the material utilized is recyclable; in fact, 95% of our materials are deemed readily recyclable. However, for the portion that is not recyclable, we are continuously researching potential new materials and methods to increase landfill diversion rates. This unrecyclable packaging is an industry-wide issue, and we have made it our mission to find a viable solution.

GARBAGE INTENSITY RATIO (LBS OF GARBAGE/LBS OF HOPS)

**40% INCREASE
IN WASTE
SINCE BASELINE
YEAR 2015**

*All materials were quantified from inventory usage for the year.

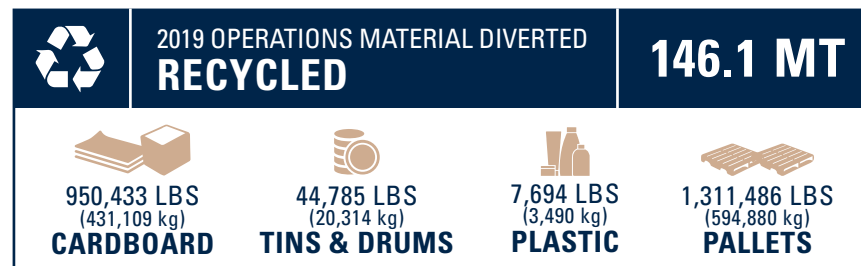


BUILDING WASTE (LANDFILL)

2016	2018	2019
183.87 MT	190.19 MT	258.4 MT

OPERATIONS MATERIAL (LANDFILL)

FOIL	TOTAL
46,818 kg	414 MT



Major materials are defined by their composition as being either renewable resources or non-renewable resources and are also categorized by their ability to be readily recycled through common U.S. waste systems.

**BY DIVERTING 939MT OF MATERIAL FROM THE LANDFILL
YCH HAS HELPED REMOVE GLOBAL GREENHOUSE GAS
EMISSIONS EQUIVALENT TO 8.5 MILLION MILES DRIVEN BY
PASSENGER VEHICLES OR 3,000 TRIPS ACROSS THE USA!***

* Information provided by Environmental Protection Agency's Greenhouse Gas Equivalencies Calculator: www.epa.gov/energy/greenhouse-gas-equivalencies-calculator

RECYCLING

Recycling is crucial and even the smallest step can have a significant impact on the environment. Any waste that can be turned into reusable material adds up over time, reducing the amount of space needed for landfills. As part of our commitment to lower our carbon footprint and become better corporate citizens, we are always looking to implement more sustainable systems that use fewer resources, produce less waste and better protect people's health.

CURRENT

DIVERTED | 4,300 TONS OF SPENT HOPS FROM EXTRACT
TO FEED FOR LOCAL DAIRY FARMS

OUR FUTURE GOALS

RECYCLE | 100% OF ALL
POLY BALES BY 2025

REDUCE | 25% OF ALL PRODUCTION-BASED
LANDFILL MATERIALS BY 2025

RECYCLE | 90% OF COMPANY WIDE
ELECTRONIC WASTE BY 2020

INTRODUCE | COMPOSTING COMPANY WIDE TO
PURSUDE ZERO-LANDFILL

YEAR TO DATE YCH ENVIRONMENTAL SAVINGS THROUGH DOCUSIGN®



2,978 LBS
(1,350 kg)
WOOD



6,669 LBS
(3,025 kg)
CO2



7,964 GAL
(30,147 L)
WATER



440 LBS
(200 kg)
WASTE

Since the implementation of DocuSign® into our sales and contracting departments, YCH has significantly reduced the amount of paper used in our offices.



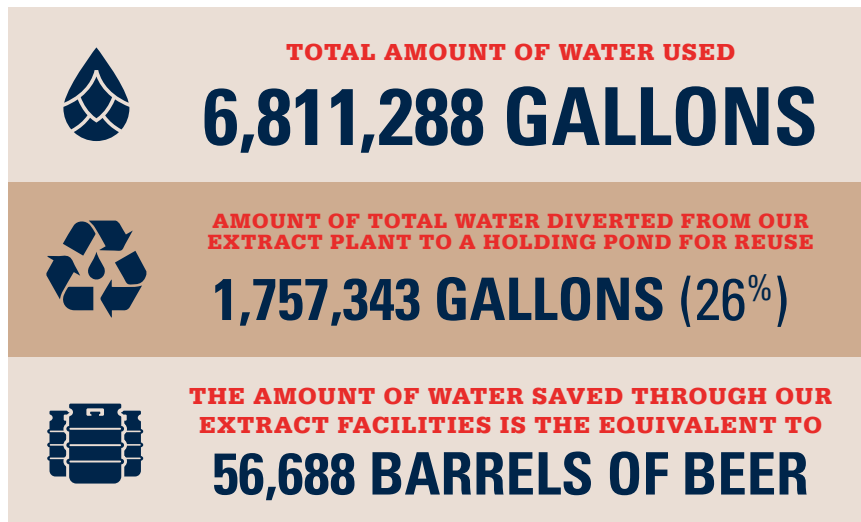
WATER

Living in Eastern Washington, with an annual rainfall of 8.35 inches per year, our farming operations and communities must be extremely conscientious of water usage each year. This mindset has led to innovation revolving around more efficient irrigation infrastructure. YCH's water footprint is limited primarily to production, specifically within our Extract Plant where water is used to lower temperatures of pumps during the supercritical extraction process.

As we continue to expand with the global growth of the brewing industry, we inevitably use more resources to supply more products. However, we believe the more we grow, the more responsible we are for making environmentally conscious choices and changes. By tracking how much water is being used across our facilities year around, we can determine our largest opportunities for improvement and find new ways to be more efficient in our water usage.

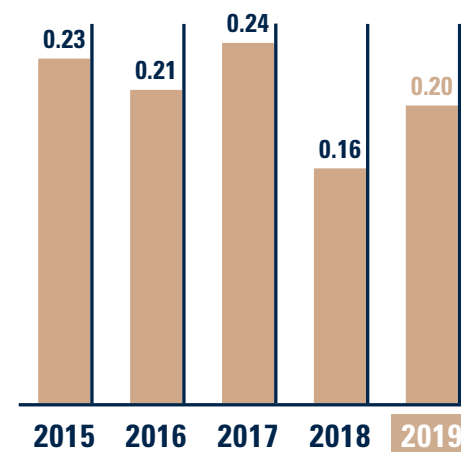
TOTAL WATER USE

GAL OF WATER USED BY YAKIMA & SUNNYSIDE FACILITIES



WATER INTENSITY RATIO

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



**USING 13%
LESS WATER
FROM BASELINE
YEAR 2015**

Sunnyside West (which houses the extract plant) Uses 70% of total Yakima Chief Hops' water.

*All materials were quantified from inventory usage for the year.

An aerial photograph of a winding river in a lush, green landscape. The river flows from the upper right towards the lower left, reflecting the clear blue sky. On the left bank, there are extensive vineyards with rows of grapevines. The right bank is densely forested with tall trees. In the background, rolling hills and more forested areas are visible under a clear blue sky.

HEALTHY WATERWAYS RESULT IN HEALTHY HOPS.

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 in keeping our waterways clean and free of pollutants. YCH is committed to protecting our most precious resource.



GREEN HOUSE GAS EMISSION

GHG ASPIRATION: BECOME CARBON CONSCIOUS BY ALIGNING OUR DEVELOPMENT STRATEGIES WITH PARIS AGREEMENT TO COMBAT CLIMATE CHANGE.

We recognize this as a global issue, as we continuously seek to minimize our total environmental footprint while growing our business.

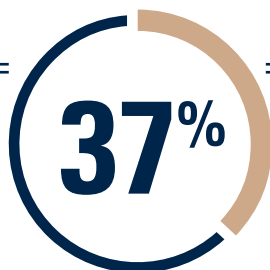
In 2018 we put our company under the microscope to quantify our entire value chain by conducting a Life Cycle Assessment study. One of the largest misconceptions is that the bulk of our carbon pollution comes from transportation; however, we identified 63% of our emissions come from the farm-level. It is our ambition to eliminate, capture or otherwise mitigate all carbon emissions we create. We understand this to be a difficult goal to achieve but we are dedicated to move the needle towards being a carbon neutral company one tick at a time.

CARBON FOOTPRINT

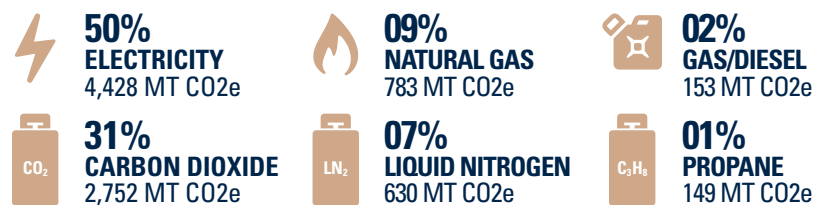
BY VALUE CHAIN

YCH

57,802 MT CO₂e

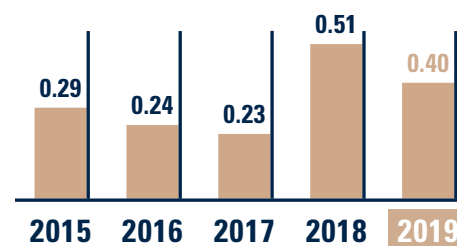


YCH FACILITIES CO₂e BREAKDOWN



GREENHOUSE GAS INTENSITY RATIO

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



13% REDUCTION IN CO₂ EMISSIONS SINCE BASELINE YEAR 2015

*All materials were quantified from inventory usage for the year.

SCOPE:

- 1. 8,895 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. 7,077 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.

MAKING STEADY PROGRESS

Refrigeration is a significant and growing source of greenhouse gases. Hydrofluorocarbons (HFCs) are 1,400 times more potent than carbon dioxide as a greenhouse gas and represent 1.5% of total warming potential today. These are expected to increase anywhere between 6-9% of total GHG by 2050 unless action is taken. Recognizing the need for refrigeration in our cold storage buildings, YCH continues to identify refrigerant sources with lower global warming potential factors. Currently we have phased out R-22 refrigerants in 84% of our US based facilities.

The idea of going “carbon neutral” will prove to be a difficult one. Here at YCH, sustainability is an ongoing process. Inspired by our family farms, we will always strive to be a more sustainable organization, and we will always look for ways to do better and be more efficient. As we journey to accomplish our current environmental goals, we also look for new challenges and goals to set. As new research and methods emerge, we look for new opportunities to improve and constantly ask ourselves, “what else can we do?”

Our findings have included closed loop systems, anaerobic digestion as a fuel source, product transportation, product packaging, and product recycling. We know our work is not done, and we are passionate about diving into these new sustainable activities and discovering the impact they can have. Sustainable solutions are not a “one size fits all.” They must be retrofitted to fit our business and operations. We are prepared to face challenges, but the beautiful landscape of hop country inspires us daily. While we still have work to do, we have made some great strides so far.

HERE IS A GLIMPSE OF WHAT YCH IS DOING TO HELP REDUCE OUR GHG EMISSION AND LESSEN OUR IMPACT ON THE ENVIRONMENT:

- ✓ Our 52,000 solar panel system will help us generate over 10% of our overall electricity demand.
- ✓ Conducted a Strategic Energy Management audit with our local electricity suppliers and identified over 1.2 million kWh of energy savings.
- ✓ 100,000+ lbs of bale material recycled.
- ✓ Investing in carbon-capture projects, like our CO2 recovery system to help recover 100% of our CO2 used in our Extract plant.
- ✓ Partnering with suppliers who also share our vision for advancing business growth by lessening environmental impacts. Reducing our Scope 3 emissions.
- ✓ 85% of all US based facility lighting converted to LED lighting which are 90% more energy efficient as compared to incandescent lights.
- ✓ 84% of all US based facility refrigerant systems have been converted to less harmful refrigerant gases.





SUSTAINABILITY ON OUR FARMS

Our growers have a deep respect for the land they harvest year after year, and they want to ensure that they can continue to sustain this passion for growing hops into the future. It is through the farm-based management practices that our growers are able to make this a reality.

As a network of multi-generational family farms, our members understand the importance of protecting the resources that sustain us. At the farm-level, our growers are focused on cleaner air, land and water by engaging in the following conservation efforts:

- ✓ Reducing energy consumption and waste through their facilities
- ✓ Reducing synthetic fertilizer applications in the fields
- ✓ Implementation of cover cropping to act as a sink to capture carbon from the atmosphere
- ✓ Reinvesting into their facilities with efficient equipment upgrades

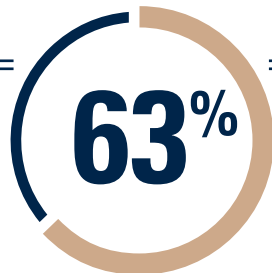
We are always looking at how we can champion the efforts of our growers. This year we introduced a farm-based life cycle assessment to quantify environmental impacts based on the inputs utilized for a single harvest year. Out of the 50+ farms we do business with, 12% of growers participated in this program. Here are the results:

CARBON FOOTPRINT

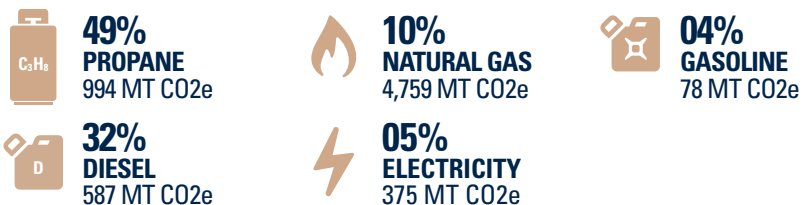
BY VALUE CHAIN

FARMS

99,310 MT CO₂e

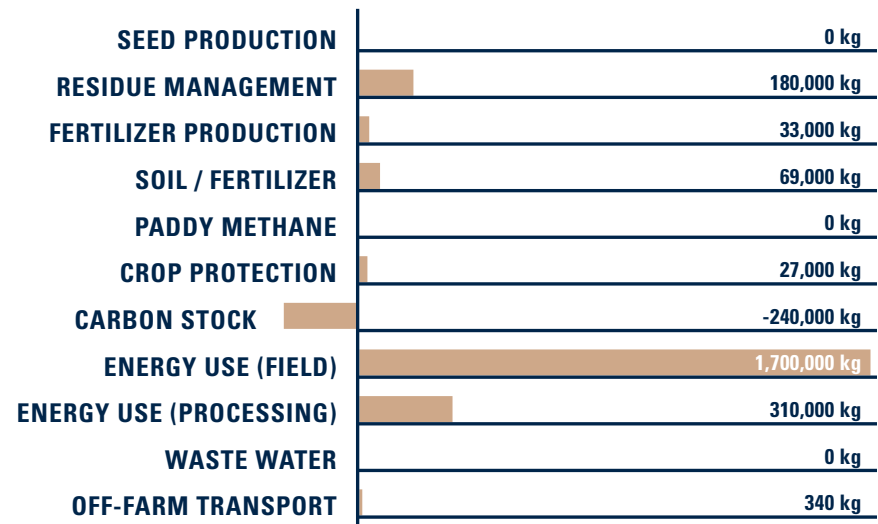


YCH FARMS CO₂e BREAKDOWN



TOTAL EMISSIONS = 2.06M

kg CO₂e



The insights our growers gain can help them identify and make valuable improvements year after year.



YCH GROWERS HAVE SEQUESTERED 240 MT OF CO₂e THROUGH LAND MANAGEMENT PRACTICES.

These efforts were accomplished through the implementation of sustainable agricultural practices such as the use cover cropping and incorporating hop waste into natural fertilizer applications.

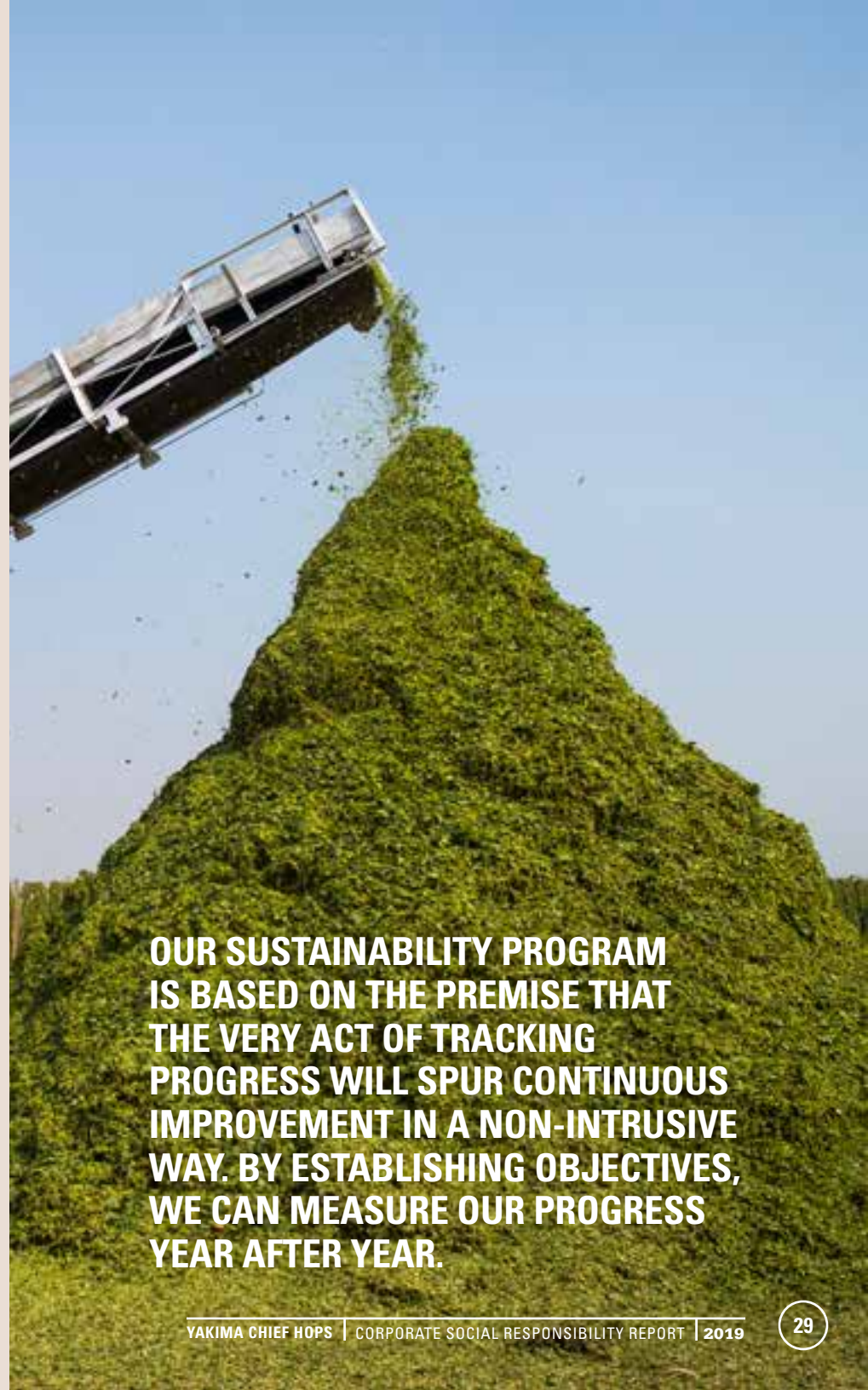
Even the best hop growers require a little help from mother nature to produce bountiful crops year after year. Our growers especially understand that our water supply is heavily reliant on the snowpack accumulated in the Cascade Mountain range. For years, growers have been able to manage the amount of water used in their fields to ensure they are using the resource efficiently. With the advent of drip irrigation which provides pinpoint irrigation accuracy, growers are now more efficient than ever for their watering needs.

Additionally, technology advancement in irrigation equipment has led to flow meters which only allow the necessary volumes required for our grower's irrigation schedules. Scientific studies have also been conducted to hone-in on how much water is actually required to produce high yielding crops. Soil sampling has been another practice implemented by our growers and their crop consultants to provide more data to make meaningful farm management decisions when it comes to irrigation.

Environmental responsibility is not just a one-man job, it's a collective effort; YCH and our growers are doing great things collaboratively to ensure these valuable resources are not compromised.

Among those strategies include:

- ✓ Reducing pesticides that are harmful to fish and wildlife
- ✓ Restoring stream buffers
- ✓ Reducing irrigation water use
- ✓ Creating areas for native plants
- ✓ Ensuring that there is no runoff or erosion



OUR SUSTAINABILITY PROGRAM IS BASED ON THE PREMISE THAT THE VERY ACT OF TRACKING PROGRESS WILL SPUR CONTINUOUS IMPROVEMENT IN A NON-INTRUSIVE WAY. BY ESTABLISHING OBJECTIVES, WE CAN MEASURE OUR PROGRESS YEAR AFTER YEAR.



GROWER PERSPECTIVES

ERIK SAUVE



WE ONLY HAVE ONE EARTH, AND THAT MEANS WE NEED TO CONTINUE TO LAY THE GROUNDWORK OF SUSTAINABLE AGRICULTURE FOR GENERATIONS THE COME.

Sustainable Agriculture to Sauve and Son Farms means to find the most economical and eco-friendly way to grow great hops for our brewer friends around the world. If we can instill these practices now, it will be easier to maintain and improve upon these practices over time.

Some sustainable practices that we have implemented on our farm in recent years has been reintroducing cover crops in our hop fields with the intention of helping reduce erosion, which then in turn will help conserve our water usage. Also, with my cover crop research, if planted correctly and consistently, the cover crops we use will also release Nitrogen naturally into the soil to be taken up by our hop plants. This will hopefully help us limit our synthetic Nitrogen inputs through drip irrigation.

We have also begun to closely evaluate and improve our carbon footprint. As an individual farm and as an industry, we believe this focus is important for the future of hop farming. The Green Chief® program has helped us out as a farm tremendously by keeping us in check safety wise as well as on the sustainable aspects. Getting the Green Chief® scores at the end of each harvest season allows us as growers to see the results of our practices for the growing season in the end and make necessary changes either in the field or in the facilities. The Green Chief® program also allows me as a grower to stay on my toes and constantly think and research ways to improve the next year's crop in the most sustainable way possible.

Quality management and improvement is everything on the farm level. It starts as soon as the last hop is picked and we get our scores back. Like mentioned before, there are always ways to improve. Tweaking twining, burn back, or training dates can make a huge difference with the end product, so managing that from year to year is always important.



AUSTIN GASSELING



SUSTAINABILITY IS THE FOUNDATION OF GENERATIONAL FARMING. DECISIONS MADE ON OUR FARM TAKE INTO ACCOUNT ECONOMICAL, ENVIRONMENTAL, AND SOCIETAL ISSUES AND IMPACTS.

We must consider the issues and impacts that each decision has on the sustainability of the farm. By using sustainable agricultural practices, we hope to provide future generations with the same opportunities that were handed down to us.

A sustainable practice we implement on the farm would be planting cover crop. By planting cover-crop we minimize soil erosion and experience less weeds which in turn leads to less herbicide sprays. We have also started a recycling program to try and leave less of a carbon footprint. Reducing our carbon footprint has become a goal of ours, which is also the reason we offer workers transportation to the field so that we have less vehicles driving from field to field. Lastly, just this year we began building our new kiln facility using all new burners so that we can use fuel and energy as efficiently as possible.

Quality management practices are also very important because it goes hand in hand with keeping our farm sustainable. We are currently in our fourth season of being GlobalGap certified, which has helped us increase the quality of our crop.





REVIEW OF THE YEAR

PROCESS

WE ARE EXTREMELY PROUD OF ALL OF OUR FARMS AND THE HARD WORK AND DEDICATION IT TAKES TO HARVEST WORLD-CLASS HOPS YEAR AFTER YEAR.

This attention to detail all starts in the fields and is carried throughout our entire production process. We strive for excellence in our partnerships, procurement, sourcing, breeding programs, manufacturing research, safety, sustainability and traceability.



We're proud of the products we sell under our own name and actively participate in the grower portion of our supply chains. Our culture is built on a foundation of continuous improvement to provide our customers with the highest quality hop products and promote environmentally sustainable practices throughout all operations from propagation to pint. Our entire organization is guided by well-established quality and safety principles as well as invaluable feedback from all our hop growers, employees and brewing customers. Our purpose is to create, grow and protect value for all by developing first-class hop varieties, relentlessly pursuing quality and building meaningful relationships through education, engagement and collaboration.

YCH has key programs that provide a strong foundation for working with brewers to provide valuable information to and from farmers, which we hope will drive change and advance the industry. We employ different programs for farming, harvest, and YCH's core business. **WE ARE FOCUSED ON:**

- ✓ Growing & providing high-quality hops
- ✓ Establishing direct grower connections
- ✓ Creating a dependable & consistent supply chain
- ✓ Enacting an environmentally & socially conscious procurement

THRIVING FARMS

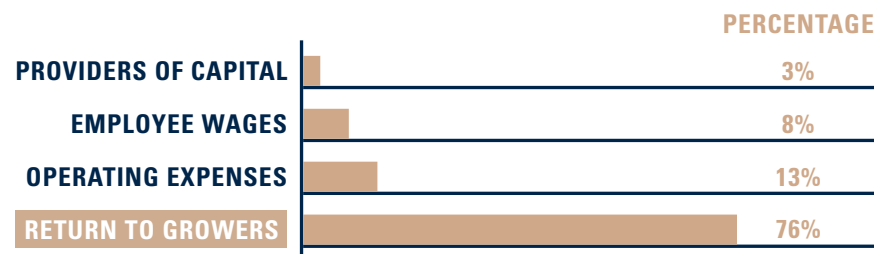
OUR GROWERS WORK HARD, AND IN RETURN WE WORK HARD FOR THEM.

Collectively there are 52 different farms from which we source our hops, with 52 different ways of mastering their craft. In addition to our growers located in the Pacific Northwest, we have a number of other growers providing us with quality hops throughout the world. 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.

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:



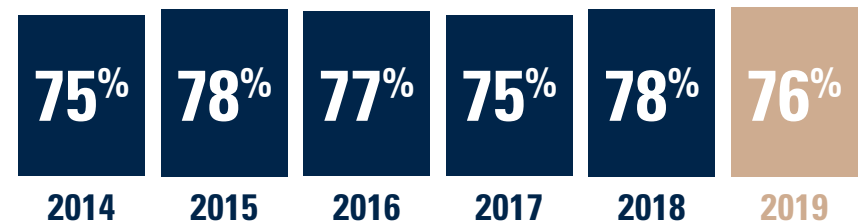
2019 FINANCIAL DISTRIBUTIONS



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

HELPING FARMS CONTINUOUSLY IMPROVE

Over the past five years we have consistently provided high-end returns to our growers and we intend on continuing this into the future.



We strive to make sustainable practices, best practices. Through programs such as our Green Chief® Program we are keeping up with science and technology to optimize productivity at the farm level. We also believe in consistently helping our farmers discover and address opportunities for improvement, based on objective evaluations.



GREEN CHIEF® PROGRAM

Green Chief® is our farmer best practices program coordinated in partnership with Yakima Chief Ranches. Our goal is to facilitate 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.

Considering each of these groups as a “member” who has ownership over the program is a new way for us to look at Green Chief®—a logical adjustment as the program is constituted to serve the farms we work with in order to help them sustain profitable, environmentally and socially responsible farms.

MEMBERS

QUALITY IS A TEAM EFFORT



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.

YCR & YCH LEADERSHIP

Our growers, staff and partners at Yakima Chief Ranches all share a strong passion for sustainability and for developing best practices throughout the supply chain to support our sustainability goals. Continued collaboration is key to our continued success.

FOCUS AREAS OF THE GREEN CHIEF PROGRAM:

- ✓ **Best Harvest Practices** - working with growers to ensure facility readiness for hop harvesting and conjoining sustainable practices with best practices
- ✓ **Data Collection** - working with growers to embrace data driven solutions to aggregate trends, track supplies, assess risk and reward, generate predictive models, and increase yields.
- ✓ **Reporting** - utilizing grower data from the fields and brewer feedback through the selection process, provide insight into best management practices, varietal variation, and brewer preferences.
- ✓ **Best Practices Team** - YCH coordinates monthly meetings to promote collaboration and excellence among growers covering topics ranging from sustainable agriculture to pest management strategies.

BEST PRACTICES TEAM

Using a collaborative approach. YCH and YCR contribute resources while growers supplying hops also become members. Governance and stakeholder mechanisms are defined to maintain the program and measure its effectiveness.

SUSTAINABILITY

WHAT WE ARE DOING

1. Working as a collective on implementing sustainable agriculture practices.
2. Conducting life cycle assessments at the farm level.

OUR FUTURE GOALS

1. Increase participation in farm-level greenhouse gas data collection.
2. Source and verify 100% of our hops are sustainably grown.

FOOD SAFETY

WHAT WE ARE DOING

1. Preparing our growers for the harvest season with emphasis on harvest facility food safety.
2. Increasing transparency through lot traceability.

OUR FUTURE GOALS

1. Increase growers harvest readiness rankings by 10%.

QUALITY

WHAT WE ARE DOING

1. Increasing the use of data collection revolving around harvest practices.
2. Connecting brewers feedback to growers through our industry leading sensory program.

OUR FUTURE GOALS

1. Have 100% of YCH farms GlobalGap certified by 2025.





QUALITY

As an entire organization we are committed and focused on the quality of our products; from the fields to our own facilities. We are guided by well-established quality and safety principles as well as invaluable feedback from all of our hop growers, employees and brewing customers. Our purpose is to create, grow and protect value for all by developing first-class hop varieties, relentlessly pursuing quality and building meaningful relationships.

TOP CUT QUALITY AWARD

Our Board of Directors (all growers) elected to create the Green Chief® Award. Resulting in the culmination of a lot of hard work and dedication towards producing premium hops, the award has been highly sought-after since its inception in 2016. This accolade is awarded to those growers dedicated towards overall hop quality and facility improvements.

12 GROWERS WERE RECOGNIZED FOR THIS AWARD IN 2019:



PLATINUM LEVEL

BT LOFTUS RANCHES, JACKSON HOP FARM,
CAPITOL FARMS, GOODING FARMS



GOLD LEVEL

PERRAULT FARMS, TRIBUTARY HOP FARMS,
SCHROEDER HOP FARM, CARPENTER RANCHES



SILVER

PUTERBAUGH FARMS, LEO GASSELING, TV HOPS,
BC HOP RANCH



**"WE HAVE A PASSIONATE
GOAL FOR THE PURSUIT OF
QUALITY IN THE GROWING AND
HARVESTING OF OUR HOPS."**

RICH VAN HORN, VAN HORN FARMS



PROCESS IMPROVEMENT

We continuously work to streamline our processes and eliminate defects to drive a better customer and employee experience. Utilizing lean management principles, we use many systematic methods to make work processes flow easier and more efficient. Each employee is given the opportunity to participate in our Lean Management training within their first few weeks of joining the YCH family. By providing the tools, it

is our goal that all employees are able to implement their own business improvement philosophies to their respected departments for the overall betterment of the company. We strive for continuous improvement, and we understand that our progress is intrinsically dependent on good execution and good judgment from our employees. As a family, we are working hard to ensure that we are better tomorrow than we are today.

WAREHOUSE MANAGEMENT SYSTEM

DUE TO THE COMPLEXITY OF OUR BUSINESS MODEL, THE LIMITATIONS OF OUR ENTERPRISE RESOURCE PLANNING (ERP) SYSTEM, AND THE FAST-PACED GROWTH OF OUR COMPANY, A BETTER WAREHOUSE MANAGEMENT SYSTEM (WMS) WAS NEEDED.

Today, our WMS system allows real-time tracking for production, shipping, and inventory movements. It's not a perfect system, but far exceeds the pencil and paper, virtual bins and delayed tracking we labored with a little over two years ago. In addition to seeing movements in real-time, we have better traceability on order picking, production tracking, and finished goods locations. Finally, today's WMS is more scalable and better suited to adding users, warehousing space, and production work centers while Yakima Chief Hops continues to grow and diversify.

The implementation of this new system is a testament to our employees' ability to constantly improve as we adapt to a growing market and company.

BILL LEVON

Inventory Control Manager



SENSORY PROGRAM & TECHNICAL SOLUTIONS

OUR SENSORY ANALYSIS PROGRAM IS WELL-INTEGRATED INTO OUR QUALITY SYSTEM.

One way we support hop quality is by evaluating every single farm lot delivered to our facilities. We examine the lot for physical defects, note color and shatter, and perform aroma evaluation on each sample.

THIS PROCESS ALLOWS US TO:

- ✓ **IDENTIFY** poor quality lots and remove them from our system before sending them to be processed, ultimately saving time, money, and storage space.
- ✓ **CORRELATE** positive and negative sensory attributes with certain farm practices to optimize harvest and handling procedures with our grower partners.
- ✓ **CHARACTERIZE** lots for pellet processing to achieve standardized production lots of high quality that are true-to-type by variety.

We also evaluate the aroma of post-production hop samples to check the quality of hop pellets and ensure every lot is within sensory specifications of each brand. By evaluating hops throughout the process, we can detect potential production and packaging issues, categorize lots for specific hop product types, and deliver the highest quality products to brewers around the world.

TIFFANY PITRA
Sensory Manager





COMPLIANCE

We utilize both ISO certifications as a foundation to build a robust systematic approach for handling our daily operations. This commitment to continuously improve our systems has helped ensure quality and consistency of our products as well as maintaining safety in the workplace.

Currently YCH has successfully implemented two management systems in compliance with the International Organization of Standardization (ISO). These ISO programs are rigorous however, we believe they provide structure to our continuous improvement mentality and allow us to demonstrate our commitment to quality.

AT OUR FACILITIES



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.



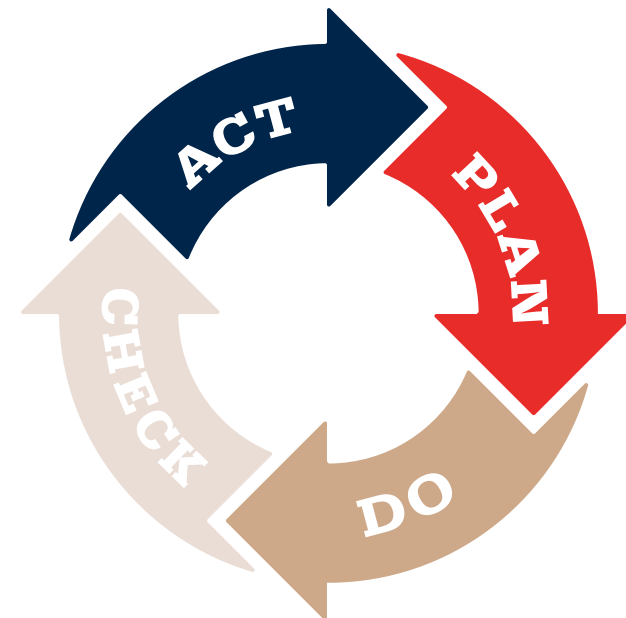
ENVIRONMENTAL MANAGEMENT SYSTEM: ISO:14001:2015

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.



Plan. Do. Check. Act. Four simple words driving serious change with our organization. This four-stage method has provided a solid framework for constant improvements throughout all aspects of our operations at YCH.

AT OUR FARMS



CERTIFIED ORGANIC

YCH WORKS WITH 6 ORGANIC FARMS.

Our growers will be the first to acknowledge the challenging undertaking for organic farming. It takes a lot of dedication of labor, time and resources to produce quality organic hops. Organic growers abide by United States Department of Agriculture (USDA) requirements and perform thorough inspections of their field and picking facilities in order to be certified. This certification embodies copious amounts of hard work and ensures that no chemicals were used on any products labeled as organic as well as enforces efforts to maintain the natural environment so you can receive a natural product.



SALMON SAFE CERTIFIED

YCH WORKS WITH 8 SALMON SAFE CERTIFIED FARMS.

With 75% of the nation's hops coming from the Pacific Northwest, it is only natural for our growers to protect their land and watersheds in this beautiful area. Considered an eco-label, the Salmon-Safe brand recognizes and rewards farmers who adopt conservation practices that help promote healthy watersheds and protect native salmon habitat. Our growers recognize the importance of healthy and clean waterways; therefore, those that qualify for the certification are actively participating.



SAFETY IS CHIEF.

"Safety requires everyone's participation for a safe and healthy workplace. This is important since we all have families, visions, and goals for our lives. Unsafe work environments and actions can reduce our ability to provide, perform, and complete dreams. Taking proactive measures to protect people allows workers to return home safely to their family, friends, and communities. All employees desire a safe and healthy workplace. Yakima Chief Hops is taking proactive steps to review and reduce occupational health or safety risks. Not only is safety necessary it is an employer's duty and moral responsibility. In 2020 we are excited to grow new skillsets, and bring new safety trainings and opportunities into the workforce. As we grow, it is important to realize safety is not an individual effort, it is a community effort. It just makes sense to come home alive!"

CHAD FERGUSON
Safety Coordinator





SAFETY

AT YAKIMA CHIEF HOPS, SAFETY IS OUR CHIEF RESPONSIBILITY TO OUR EMPLOYEES.

We maintain a safe workplace environment that empowers everyone to do their best work, injury-free. Our family – like mentality is what drives our safety programs. We want to ensure that our employees return home safely after each shift. Safety is ingrained in our culture, and we are always seeking to improve our safety performance. In fact, we are extremely proud to have achieved our goal of achieving 730 days without a loss time incident report.

In February, we celebrated our safety goal of achieving 2 years / 730 days / 17,520 hours without a time loss incident! This was a huge milestone for our company and a cause for celebration. As a token of our appreciation we honored our employees with a day of fun in the sun. Our entire operations division participated in a celebration that included a catered luncheon, congratulatory speeches, and custom gear for each employee. By providing the tools and training necessary for a safe working environment, YCH was able to efficiently help protect all employees from injuries. Looking forward, our sights are set on reaching 3 years without a time loss incident.

Yakima Chief Hops has a safety committee that regularly meets to discuss issues, and department needs. The committee is diversified with representation from our departments. Monthly there are safety awareness topics for managers to discuss with their crew. Additional hands on trainings are also available for job specific functions. In 2019 we introduced a new safety officer to YCH who has helped implement focus on topics with optional trainings, new tools, skillsets, and knowledge.

SAFETY GOAL: REACH 3 YEARS WITHOUT A TIME LOSS INCIDENT

THIS WAS A LOFTY GOAL BUT WE WERE ABLE TO ACCOMPLISH THIS OBJECTIVE BY EMBODYING THE FOLLOWING PRINCIPLES:

- ✓ **EMPOWERING** our employees to stop a job if they feel it is unsafe for any reason. No questions asked.
- ✓ **PROMOTING** a culture of safety by facilitating ongoing educational opportunities and implementing continuous improvement practices; safety training is a job requirement for everyone.
- ✓ **INVOLVING** employees in helping us determine how to do a job safely based on their past experiences or their safety recommendations.

THESE OPTIONAL TRAINING SESSIONS AND TOOLS INCLUDE:

- ✓ **2 First Aid CPR AED instructors**
- ✓ **50+ employees trained in First Aid CPR AED**
- ✓ **9 AED's located throughout our Yakima & Sunnyside Campuses with more to come.**
- ✓ **36 employees attended the Benton REA Arc Flash demo**
- ✓ **Investment into lock out tagout program and fall protection equipment**

REPRESENTATION AT SAFETY MEETINGS

CROSS DEPARTMENTAL GROUP BREAKDOWN.



50%
MANAGERS



50%
YCH STAFF



FOOD SAFETY

In order to prevent contamination that could pose a threat to human health, Yakima Chief Hops is fully committed to a risk-based approach to assessing, improving and teaching food safety at all hop harvest and production facilities. We do this by applying our GreenChief farm quality management program and Current Good Manufacturing Practices (CGMP) in compliance with the US Food and Drug Administration. We also employ an ISO-integrated Hazards Analysis and Critical Control Points (HACCP) system for all areas of production.

We have developed a monitoring program to efficiently comply with food safety and import regulations. We maintain complete traceability throughout the supply chain and use spray records obtained for every field of hops to manage export compliance. Reports on the levels of select heavy metals and pesticide residues are obtained on randomly-selected lots of whole cone, hop pellets and extract, twice per year, or as needed. The related reports and Certificates of Analysis can be obtained on demand. To assure test objectivity, samples are submitted to nationally-recognized laboratories for analysis and reporting. All analytical data and relevant laboratory contact information is reported in our product documents. Copies of original Certificates of Analysis are also available upon request.



CUSTOMER SATISFACTION

Business can be hectic at times but one thing is certain. We never lose sight of our mission to connect family hop farms with the world's finest brewers. At the end of the day our goal is to provide the highest quality hop products and uncompromising service for the ultimate benefit of our customers, employees and growers.

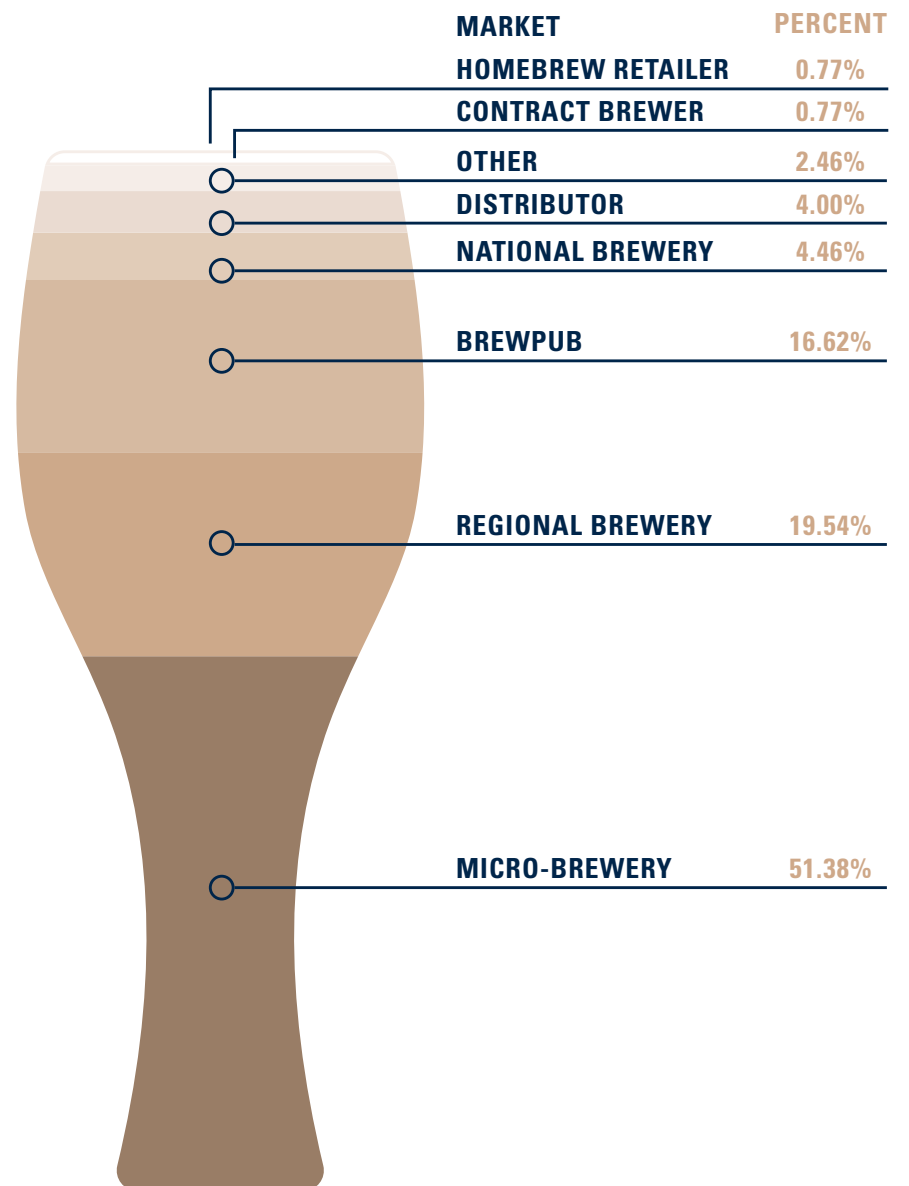
These strong family ties throughout our organization has helped us establish a solid foundation within the industry. But we're not done yet. We are always looking to continuously improve our processes within every department of our organization. We are not a reluctant company by any means. We enjoy pushing the bounds of what's possible. We enjoy engaging with our entire supply chain and watching those discussions lead into meaningful action. It's this attitude that has allowed us to serve nearly 50 countries last year, and we are encouraged to continue this momentum into the future. We may fail, but we're going to try. As the great Steve Carpenter says, "Onward & Upward".

It is our goal each year to do right by ALL our customers; however big or small. Each year we issue an annual customer feedback survey which allows us to celebrate successes and identify shortcomings and opportunities for improvement. Our customers speak and we listen. Each year, we also issue a customer satisfaction survey to create benchmarks and monitor improvements. This year, 1027 answered...here are the results.





MARKET SERVED AS REPRESENTED BY SURVEY





86%

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

CUSTOMER LONGEVITY

YEARS	RESPONDENTS	PERCENTAGE
<1	95	14.71%
1 to 3	201	31.11%
4 to 6	170	26.32%
7 to 9	74	11.46%
10+	106	16.41%

2019 RECOMMENDATIONS

WHAT CAN WE DO TO IMPROVE AS A HOP SUPPLIER?

1. Contracting Methodologies
2. Spot Market Hop Varieties
3. Encourage Connection of Customers to Farmers

WHAT ARE WE DOING WELL?

1. Customer Service
2. Variety Availability
3. Quality of Product
4. Shipping

SUSTAINABLE TOPICS CUSTOMERS WOULD LIKE US TO FOCUS ON:

1. Water Conservation & Waste Diversion
2. Hop Quality & Innovation
3. Renewable Energy, Climate Change & Sustainable Agriculture
4. Organic Farming & Hops





LOGISTICS

In 2016 we aimed to achieve 24-hour shipping deadlines for all standard orders and 48-hour shipping deadlines for shipments requiring transfers. By continually tracking all shipments and transfers, we were 99.6% successful in achieving both of those goals and look forward to making additional progress moving forward.



99.6%
SUCCESSFUL

FRESH HOP (신선한홉)

One of the most rewarding aspects of being a 100% grower owned supplier is the ability to bring hops from the family farms of the Pacific Northwest to brewers across the world. We form strategic partnerships with global distributors so that brewers can have access to American hops, regardless of where they are located.

This year, our international sales and logistics teams participated in one of the most massive collaborative projects in YCH History – bringing freshly harvested hops from the vines of Yakima, WA to the brewers of South Korea, traveling approximately 5,345 miles in less than 36 hours. This project proves that brewing is truly centered around bringing people together and forming a sense of community from all four corners of the world.



Amazing Brewery's fresh hop IPA called Yakima Express, brewed with YCH Fresh Hops from the Pacific Northwest in Seoul, South Korea - Photo Credit: Jason Lee, Brew Source International



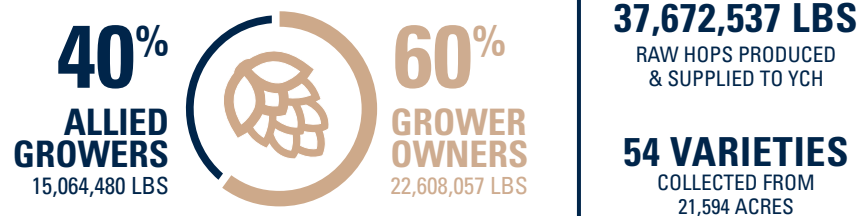
PROCESS ON THE FARM

We conduct an annual cost survey of farm-based, economic impacts.

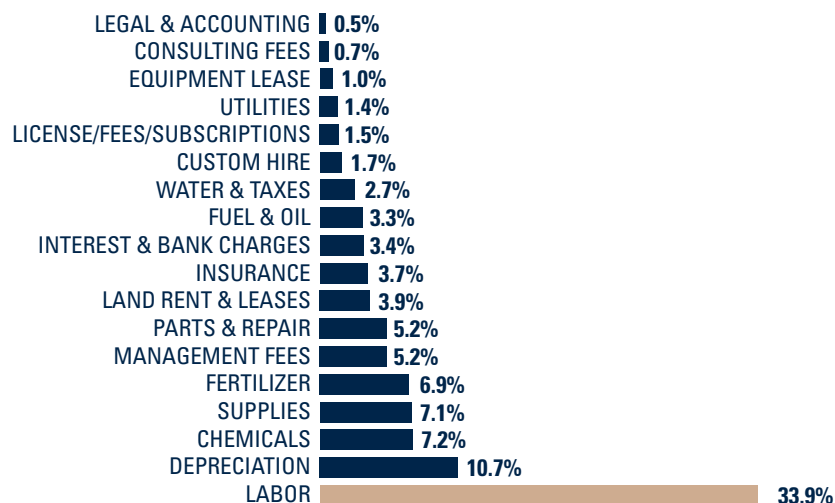
This survey serves several key functions:

1. **FACILITATES** collaboration between hop farms and YCH to better understand production costs and provide guidance for individual business plans to increase operational efficiency.
2. **CREATES** a baseline metric for our sustainable pricing program, allowing contract pricing for eligible breweries to be adjusted based on annual changes in production costs.
3. **ESTABLISHES** annual Cost Per Acre metrics that allow growers and YCH to prepare for proposed farm expansions and budget any associated costs.

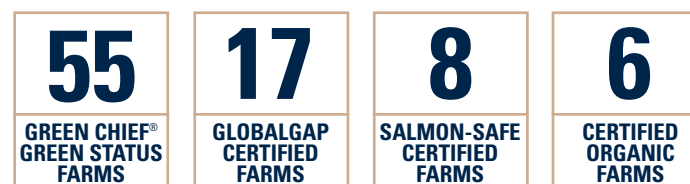
HARVEST BREAKDOWN



FARM-BASED ECONOMIC IMPACTS

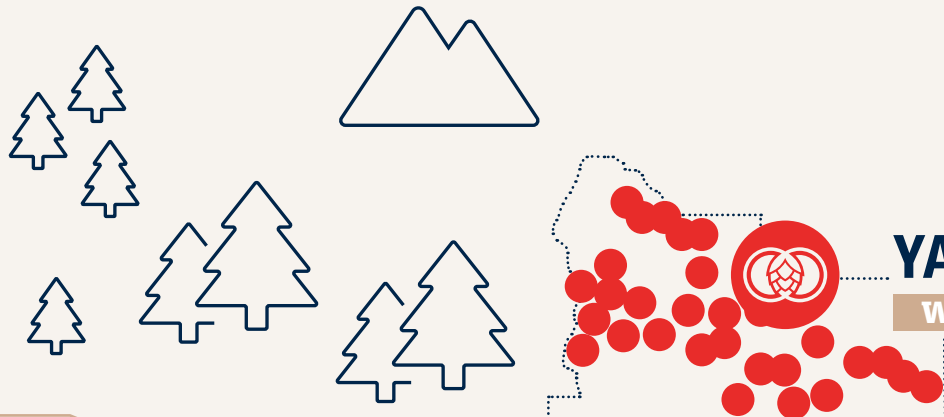


CERTIFICATIONS



TOP 10 VARIETIES

1. Citra® Brand HBC 394
2. CTZ (Columbus/Tomahawk®/Zeus)
3. Cascade
4. Simcoe® Brand YCR 14
5. Mosaic® Brand HBC 369
6. Centennial
7. Amarillo® Brand VGXP01
8. Chinook
9. Pahto™ Brand HBC 682
10. Summit



YAKIMA VALLEY

WASHINGTON

52 TOTAL FARMS

15 GROWER OWNERS

37 ALLIED GROWERS

54 VARIETIES GROWN

21,600 TOTAL ACRES

WILLAMETTE VALLEY

OREGON

TREASURE VALLEY

IDAHO







REVIEW OF THE YEAR

PEOPLE

GREAT PEOPLE WORK HERE.

Our people keep our business thriving, and in turn we want to keep them engaged, happy & healthy. We know that happy employees also improve both productivity and overall company culture. As the nation's largest hop supplier, we're constantly evolving to better meet people's needs. Whether that means implementing new technology to better assist our customers or investing in employee training, we are always looking for opportunities to enhance our employees' work environment – on the farm and in our facilities.

With that, we are committed to ensuring that everyone in our workforce has equal access to opportunities, knowing that people are more engaged when they are motivated by new challenges, goals and recognition. It is one of our most deeply held values. In the last year we filled 79 positions, 15 were internal promotions. It is with this mantra that we have been fortunate to maintain a low turnover rate with high employee engagement. We measure engagement yearly and trend well over industry benchmarks. For example, in our 2019 annual employee survey, 83% of survey participants said they are "Satisfied with employment at YCH." We're tremendously proud of that. Additionally, 88% of employees reported they are satisfied with professional growth opportunities within the company.

Being a grower-owned organization, 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 work hard to support YCH's mission of connecting family farms to the world's finest brewers. We're proud to be a locally-recognized employer of choice, providing our employees with a positive and empowering workplace and supporting them with comprehensive pay and benefit programs. We are invested in our employee's wellbeing and education to allow individuals the appropriate tools to succeed. We work hard every day to run a business that has a positive impact on the future.

EMPLOYEE SURVEY



SATISFIED EMPLOYEES

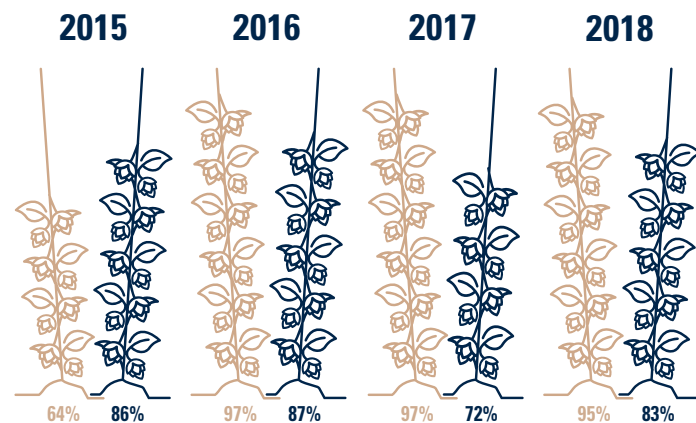
Happy hours only occur for a short duration of time; at YCH it is our mission to keep all employees satisfied and happy throughout the year.



PARTICIPATION RATE

Teamwork makes the dream work. YCH strives to increase our employees voices through employee participation for the overall betterment of the organization.

OVERALL SATISFACTION



PARTICIPATION **SATISFACTION**

KEY LEARNINGS





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.

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. With our increased global presence, our collective staff represents all four corners of the earth, with 16 languages and 10 countries. In the last year, we increased the size of our company by 14% as departments expand and new teams form. Check out how we've grown!





EMPLOYEE REPRESENTATION



72%

MINORITY REPRESENTATION

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



47%

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.

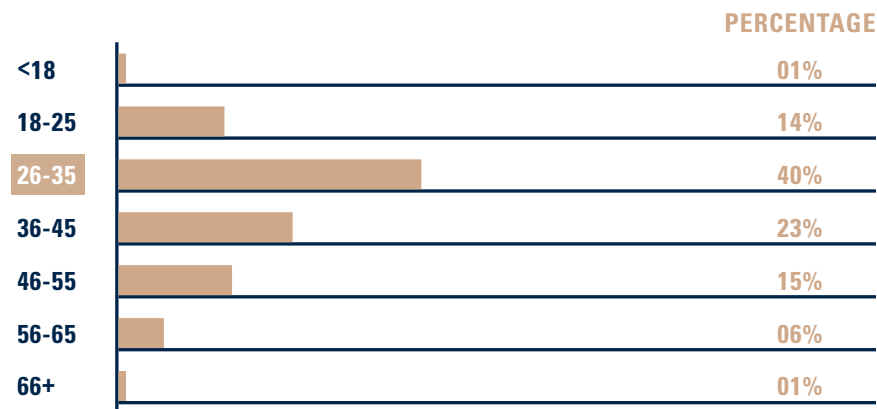


35^{YRS.} OLD

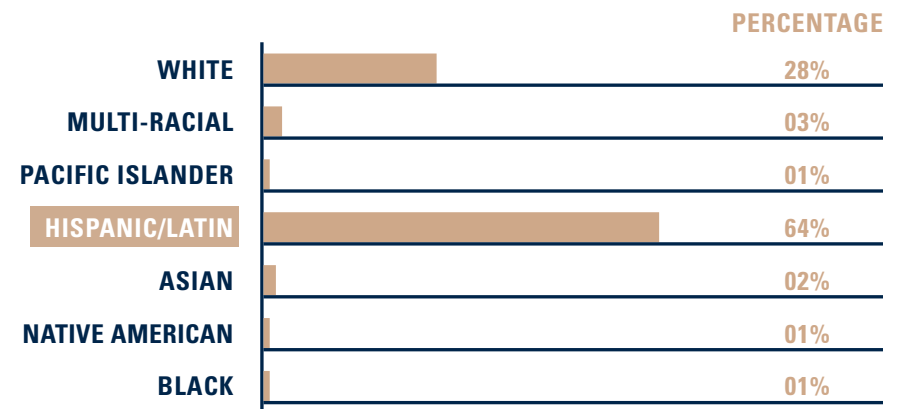
AVERAGE EMPLOYEE AGE

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

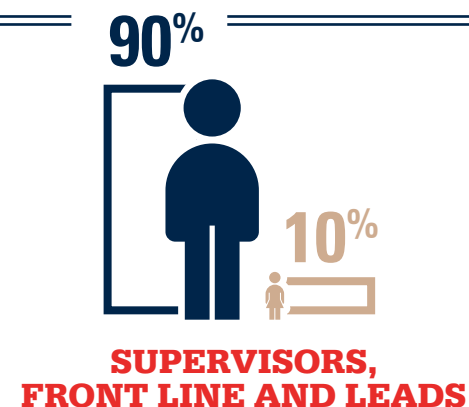
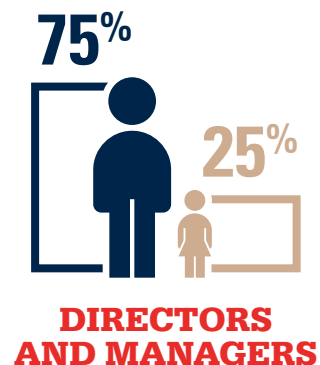
DEMOGRAPHIC BY AGE



DEMOGRAPHIC REPRESENTATION



LEADERSHIP REPRESENTATION



We aim to reflect an inclusive and welcoming organization through our Leadership team, embracing diversity and different backgrounds. They not only lead our operations, but our company culture. They are the mentors and sponsors to our eclectic workforce of professionals. Inspired by the diverse brewing community, we believe YCH is strengthened by the unique perspectives that each individual brings to the table. As an equal and fair employer, we continuously work to enhance the diversity of our Leadership team while promoting togetherness and connection.

OUR LEADERSHIP TEAM



RYAN HOPKINS
CHIEF EXECUTIVE
OFFICER



STEVE CARPENTER
CHIEF SUPPLY CHAIN
OFFICER



LISA GARCIA
CHIEF HUMAN
RESOURCES OFFICER



KARL VANEVENHOVEN
CHIEF OPERATING
OFFICER



MATT KOLLMAN
CHIEF ADMINISTRATIVE
OFFICER



CAROL AIKEN
VICE PRESIDENT,
FINANCE



DENIS GAYTE
EUROPEAN DIRECTOR &
SR. VP OF GLOBAL SALES



BRYAN PIERCE
VICE PRESIDENT OF
NORTH AMERICAN SALES



MISSY RAVER
VICE PRESIDENT,
QUALITY



KEN MORTENSEN
VP, EXTRACTION &
SUPPLY CHAIN



PETE VENEGAS
VP, PLANNING &
CUSTOMER RELATIONS



SALVADOR BENITEZ
VICE PRESIDENT,
PELLETING



JENNIFER RIDDLE
DIRECTOR OF
STRATEGY, HEMP



NICK ZEIGLER
DIRECTOR OF RESEARCH
& DEVELOPMENT



RYAN TOWRY
DIRECTOR OF
ENGINEERING



ARIC GAMACHE
DIRECTOR OF
ENTERPRISE SERVICES

A JOURNEY OF GROWTH

CELEBRATING DIVERSITY & INCLUSION.

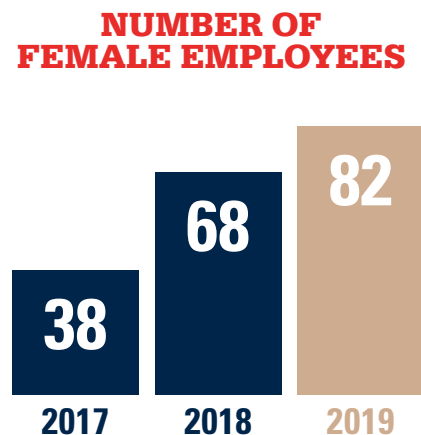
DIFFERENT PERSPECTIVES HELP US ALL TO ACHIEVE MORE. There are billions of people on this planet with valuable skills to offer and an incredible drive to succeed. However, we recognize that many people are overlooked based on their background when companies aim to fulfill employment opportunities. We believe that an organization becomes stronger with increasing diversity and strive to employ people with varying experiences and backgrounds. It is this unique blend of employees that helps us to meet the challenges and opportunities of today's world as we expand into more international and complex settings. We embrace the different perspectives that each employee brings to the table while we navigate the various needs and cultures of the global brewing community.

INCLUSIVE THINKING DRIVES OUR INNOVATION. At Yakima Chief Hops diversity and inclusion are not just a single department's job or one task to check off a list. This is an ongoing endeavor that involves the company as a collective and is integral for business growth through expanding perspectives.

CLOSING THE GENDER GAP

Women represent half the world's population and, therefore, also half of its potential. At YCH we believe gender equality is a human fight, not a female fight. Besides being a fundamental human right, it is essential to achieving peaceful societies, with full human potential and sustainable development.

YCH will continue to be involved in supporting this important movement.





EMPLOYEE COMPENSATION

We evaluate wages in an effort to support sustainable compensation and equity among all demographics. The result of the staff survey revealed that 14% of employees do not feel as though they are compensated fairly compared to the local market. YCH is unable to confirm that our compensation is competitive due to privately held ownership among hop suppliers. However, significant effort is being

invested into gathering and analyzing wage data from comparable industries and positions to continuously evaluate and improve wages. We recognize the need for employees to feel valued and economically satisfied with their employer and are actively seeking the information needed to make those improvements.



50-75TH
**PERCENTILE OF WAGES
COMPARED TO THE REGION
OR NATIONAL INDUSTRY**



**GOLD STAR
STANDARD**
**BENEFITS COMPARED TO
THE NATIONAL AVERAGE**



100%
**PERCENTAGE OF EMPLOYEES
PAID A LIVING WAGE**



\$15.65
**STARTING WAGE COMPARED
TO WASHINGTON STATE**



EMPLOYEE RECOGNITION

Inspired by the pioneering spirit of our hop growers, we take innovation seriously and believe this attitude is critical in achieving our goals. We are proud of the achievements our employees have made individually as well as collectively that have allowed us to lead the industry in sustainability, efficiency, quality and product advancements. YCH seeks to recognize employees in both big ways and small for their ingenuity, dedication and outstanding contributions to the company.

EMPLOYEE OF THE YEAR: **ARIC GAMACHE**

Aric Gamache serves as our Director of Enterprise Services within our IT department. He has been with Yakima Chief Hops for nearly 20 years beginning as an ISO 9000 Coordinator, then Logistics and Customer Service Manager and later becoming a Systems Manager. With invaluable experience in both Logistics and IT, Aric helps to ensure that our sales and operations teams have access to all of the tools and systems needed to do their jobs efficiently and effectively. With expertise in technology and process improvement, he has helped lead the implementation of YCH's first ISO 9000 program and new ERP and WMS systems. We thank Aric for helping to lead us to the forefront of technology and efficiency in the industry!



SQUARE WATERMELON AWARD: **JUAN CARLOS MARAVILLA**

This year's Square Watermelon Award was granted to Juan Carlos Maravilla for his dedication to quality. Specifically, he proposed and implemented an additional sifter to the bract line of the Cryo Hops Plant which surmounted to producing a product with higher quality characteristics. This modification to our systems resulted in a more superior American Noble Hops product with higher alpha, aromatics, and oil concentrations.

EMPLOYEE INCENTIVES

Company culture is extremely important at YCH and we strive to create a workplace environment where our employees can collaborate, celebrate and cheer their glasses at the end of a day's work.

YCH BUCKS

YCH Bucks is an employee incentive program designed to promote healthy lifestyles, enhance innovation, encourage improvement, and reward employee camaraderie. YCH Bucks are earned through participation in programs that focus on health, safety, quality and productivity, and can be used as credit towards YCH merchandise, gift cards, or entry into raffles/auctions at annual YCH events.

EMPLOYEES CAN EARN YCH BUCKS BY PARTICIPATING IN THE FOLLOWING:

- ✓ **Smoking Cessation Program**
- ✓ **Run / Walks for Charitable Causes**
- ✓ **Joining a Gym**
- ✓ **Submitting Ideas that Reduce Waste or Increase Quality**
- ✓ **Submitting Process Improvement Request to Add Customer Value**
- ✓ **Receive an Employee Excellence Award**
- ✓ **Meet Loss Time Rate Goal**

HOP DOGS

On any given day within our Yakima or Sunnyside office locations, our employees share workspace with some four-legged friends. This newly enacted policy allows our employees to bring their best fur-friends to work, bringing out the smiles in everyone. Our employees love bringing their pups to work and the dogs enjoy romping around the campus. By creating a more fun and lively work environment with the help of our hop dogs, our employees feel more energized, productive and positive while handling both routine and challenging work tasks.

CONTINUING EDUCATION

Our culture begins with valuing learning over knowing and seeking out new ideas, embracing challenges, learning from failure, and improving over time. Recognizing the mutual benefits derived from personal growth and increased work competence, YCH provides financial assistance to employees interested in furthering their formal education. To support this culture, we offer a diverse range of learning and development opportunities.





WORKPLACE ADVANCEMENT & EDUCATION

We provide a comprehensive onboarding program for new employees developed to connect new faces with the YCH family and teach them more about our organization. The daylong orientation allows new employees to learn about cross-departmental responsibilities directly from their respective managers and team members. Once

onboarded, employees engage in activities such as in-depth and constructive performance reviews and mutually beneficial goal setting. From opportunities for career development to personalized benefit options, we want all who join our team to realize their full potential.

PROVIDE WORKFORCE WITH ADVANCEMENT OPPORTUNITIES

by creating a pipeline of talent and professional growth assignments.

6 | **INDIVIDUALS INVOLVED**
in tuition program offered by YCH.

40 | **HOURS**
on average awarded towards training
per year, per employee.

58% | **RECEIVED EVALUATIONS**
Only full-time employees receive
performance reviews with 28% being
Female and 72% Male.

55% | **COMPLETED INDIVIDUAL
DEVELOPMENT PLANS**
YCH has developed a system to provide
employees the opportunity to work with
their managers to set goals, request
resources and create a roadmap to better
align passion, skills and responsibility.
55% completed individual development
plans (27% Female, 73% Male).

FUTURE GOAL: WORKFORCE EDUCATION & TRAINING

OBJECTIVE: Continue to invest in workforce education and training.

- ✓ On a case-by-case basis, the company will provide tuition reimbursement to employees for advanced education.
- ✓ Per year, devote up to \$750/employee towards job training (total 228 employees).
- ✓ 10% of employees participate in selected online courses to assist them with advancement within Yakima Chief Hops.

FUTURE GOAL: WORKFORCE ADVANCEMENT

OBJECTIVES: Provide workforce with advancement opportunities by creating a pipeline of talent and professional growth assignments.

- ✓ Employ at least 10 paid interns per year for professional development opportunities.
- ✓ As experience and opportunities exist, internally promote YCH workforce to supervisor, manager or director roles.



APPRENTICE PROGRAM

As one of the largest companies in the Yakima Valley, we are proud to connect the next generation of workers with opportunities to showcase their talents and obtain critical on-the-job training experience at a young age. Through our partnership with the Aerospace Joint Apprenticeship Program (AJAC) we are able to provide a two-year apprentice program for three high school students. (Hector Martinez; Crus Soto; Joshua Valdez-Copeland) This program offers students the opportunity to develop

important skills and get a head start on establishing a career path. In addition, it is a fulfilling experience for our own employees, as they get to share their knowledge with young students. The apprenticeship program is gratifying for everyone involved, as we work to foster future YCH employees and have a positive impact on our community's youth.





INCREASING COMMUNICATION

We are passionate about our employees' personal and professional development, and continually seek ways to help our staff discover and accomplish their goals. With a diverse workforce on the front-lines, many of our employees expressed interest in participating in language classes to enhance communication and decrease language barriers among their teams. The result was to offer organized evening English as a Second Language classes, held free of charge for interested parties at YCH's Sunnyside campus. Additionally, an online course is being offered to employees desiring to learn Spanish. Upon completing the language courses, participants were asked to share their thoughts. Their responses highlight the positive effects this opportunity has on their lives both inside and outside of work and demonstrate the value of investing in employees. Our Human Resources department is researching additional education opportunities and plans to offer more on-campus classes in the future.



YOUTH EMPOWERMENT

OUR BELIEF: our educational efforts take a holistic approach to prepare the next generation for success. At YCH, we believe that, to prepare the next generation for success, educational efforts must take a holistic approach. We believe in long-term thinking and the ideology that early learning is essential to giving all students a strong and equal start in life. Through our participation in our Youth Donation program we support the efforts of teachers to improve early education preparedness, drive awareness of early education's importance and reward those who choose to participate.



43 YCH EMPLOYEES
ENROLLED

IN ESL & SSL COURSES



\$200 GIVEN TO EVERY
EMPLOYEE

**TO ALLOCATE TOWARDS
YOUTH PROGRAMS**



CONNECTING EMPLOYEES WITH PURPOSE

Yakima Chief Hops empowers our employees to take action around causes that matter to them personally through our YCH Give Back Program. All full-time employees are allotted 16 paid hours to donate to volunteer opportunities of their choosing. These resources not only foster employee engagement and societal

impact, but business growth as well. Just as our business has evolved to meet the challenges of a global marketplace, so has our approach to community engagement. Game-changing innovation will always be at the heart of Yakima Chief Hops, but we believe our business and customers cannot thrive without a healthy community.



\$278K

**DOLLARS DONATED
TO LOCAL NON-PROFIT
ORGANIZATIONS**



40

**NUMBER OF LOCAL
COMMUNITY PARTNERS**



\$200K

**DOLLARS DONATED
FROM COMMUNITY
BLEND SALES**



1,022

**NUMBER OF HOURS
VOLUNTEERED BY YCH
EMPLOYEES**



297

**NUMBER OF
FULL TIME EMPLOYEES**



\$36,117

**DOLLARS CONTRIBUTED
BY YCH EMPLOYEES VIA
GIVEBACK PROGRAM**

PACE PROGRAM

In 2018, employees volunteered for multiple events & projects over the course of the year. Projects focused on direct and immediate needs in our local communities. With YCH representation across the globe, we are happy to say our program has garnered global recognition.

Last year YCH teamed up with the Sunnyside and Outlook School Districts to award 275 grade schoolers with brand new bikes and helmets in celebration of their

perfect attendance for the school year. This was a memorable experience for both the students and YCH staffers. The youth of today are the future of tomorrow and the purpose of the PACE program is to instill positive work ethic and provide an incentive to reach their goals with the intent that they will continue this mentality moving forward. For many of these students, these were the first bikes they had ever received and that is special in itself.



**LIFE IS LIKE RIDING A BICYCLE. IN ORDER TO
KEEP YOUR BALANCE YOU MUST KEEP MOVING.**

OUR COMMUNITY

Our investment in nonprofit partners extends beyond grants to include volunteer hours and hands-on stewardship. As outlined in our vision, YCH is committed to being a responsible neighbor to the communities where we operate, live, and serve.

We are proud to contribute to a number of mission-driven organizations through events and sponsorships, and continuously seek to develop a culture that positively engages our stakeholders in meaningful causes.

We are in the process of evaluating our formal policy for community donations to ensure all recipients of funds share our company values and goals.

1,022	GIVE-BACK HOURS ALLOCATED AS PART OF YCH'S CORPORATE GIVEBACK PROGRAM
\$36,177	DONATED TO LOCAL YOUTH PROGRAMS
\$67,000	DONATED TO LOCAL YAKIMA VALLEY ORGANIZATIONS
\$54,310	IN-KIND DONATIONS TO DISASTER-RELIEF BREWING EFFORTS (FLORIDA, CALIFORNIA)

ORGANIZATIONS THAT WE SUPPORT



- ✓ Yakima City Memorial Day Work Out
- ✓ Junior League of Yakima
- ✓ Mr. East Valley
- ✓ Habitat for Humanity
- ✓ Nuestra Casa
- ✓ Peacekeeper Society
- ✓ Ducks Unlimited
- ✓ VFW
- ✓ Sunnyside Rotary
- ✓ Christ the Teacher Catholic School
- ✓ Wilder & Parma Food Pantries
- ✓ Salvation Army
- ✓ Yakima County Sheriff's Office
- ✓ EOD Warrior Foundation
- ✓ Camp Hope
- ✓ Riverside Christian
- ✓ EMT
- ✓ Prosser Chamber of Comm.
- ✓ Boys & Girls Club of Benton County
- ✓ Yakima Valley Lacrosse
- ✓ Nile Cliffdel Firefighters Assoc.
- ✓ Sunnyside School District
- ✓ Yakima Chamber Foundation
- ✓ Yakama Warriors Association
- ✓ Hispanic Chamber of Commerce

COMMUNITY BLENDS

Our customers are always looking for ways to give back to their community and we feel inspired to create opportunities for them to do so. The best way we can help our customers give back is to provide what we know best: hops! We are continuing to



The 2019 blend was comprised of Azacca®, El Dorado®, Idaho Gem™ and Loral®, creating a blend with tropical, citrus and piney aromatic qualities.

346 | # OF BREW DAYS
PINK BOOTS BLEND WAS USED IN

11 | # OF COUNTRIES
PINK BOOTS BLEND WAS USED IN

20K | LBS SOLD
OF PINK BOOTS BLEND

352 | # OF BREWERIES
PARTICIPATING IN BREW DAYS

improve and expand our Community Blend program in which uniquely crafted hop blends are used to brew beer, with a portion of the hop blend (and often the beer) sale benefiting a featured not-for-profit organization.



The 2019 Veterans Blend was comprised of five Pacific Northwest-grown varieties including Simcoe®, Loral® and Ahtanum®.

2 | # OF BREW DAYS
VETERANS BLEND WAS USED IN

1 | # OF COUNTRIES
VETERANS BLEND WAS USED IN







9K | LBS SOLD
OF VETERANS BLEND

100 | # OF BREWERIES
PARTICIPATING IN BREW DAYS

GOAL TRACKER

● 70-100% OF GOAL
 ● 30-69% OF GOAL
 ● 0-29% OF GOAL

METRIC	EXPLANATION	GOAL	PERFORMANCE	PROGRESS
Green Chief®	Growers Green Chief Green Status/ total growers involved in Green Chief Program	25% of growers Green Status by 2022	75% (55 out of 73 growers)	●
GlobalGap®	Growers Green Global Gap Certified/ total growers involved in Green Chief Program	100% of YCH farms Global Gap certified by 2025	33% (17 of 52 farms)	●
CO2 Recovery	Average of processed CO2 vs. produced CO2 efficiency	Return 50% of CO2 used in operations back into extraction system by 2020	65%	●
GHG Emissions YCH Facilities	Metric tons of CO2 equivalent emitted as Scope 1 direct emission/raw hop equivalent	25% greenhouse gas emissions reduction by 2030	10% DECREASE since 2018 (0.22 ghg/rhe)	●
	Metric tons of CO2 equivalent emitted as Scope 2 indirect emission/raw hop equivalent	25% greenhouse gas emissions reduction by 2030	1.5% INCREASE since 2018 (0.18 ghg/rhe)	●
	Metric tons of CO2 equivalent emitted as Scope 3 indirect emission/raw hop equivalent	25% greenhouse gas emissions reduction by 2030	(0.38 ghg/rhe) based off 2018 LCA data	
GHG Emissions Farm	Metric tons of CO2 equivalent emitted emission/raw hop equivalent	25% greenhouse gas emissions reduction by 2030	INITIAL YEAR 2019 (0.25 ghg/rhe) based off 2018 LCA data	
Committed to Climate Change	Continued participation in climate disclosure & Science Base Target setting	Participate in Science Base Targets & CDP Climate Change questionnaire	INITIAL YEAR 2019	●
Refrigerants	Number of systems with older refrigerants/systems with updated refrigerants	Eliminate R-22/Freon from all infrastructure by 2025	84% (21 out of 25 systems)	●
Recycled Bale Material	Recycled bale weight/landfill bale weight	Recycle 100% of all poly bales by 2025	12% (252 out of 2,066)	●
Production Waste	Total pounds of recyclable production materials/total pounds of production materials	Reduce all production-based landfill materials by 25% by 2025	15% DECREASE from 2018	●

METRIC	EXPLANATION	GOAL	PERFORMANCE	PROGRESS
Electronic Waste	Total pounds of electronic waste recycled	Recycle 90% of all electronic waste by 2020	Established new recycle program with Office Depot; all printer toners to be recycled locally	
Waste Diversion	Total pounds of waste diverted from landfill/total pounds of waste generated	25% reduction by 2025	36% DECREASE since 2015 (146.1 MT out of 414 MT)	
Recycle Education		Correctly label 100% of facilities and sponsored events with compost, recycling, and trash signage		
Packaging with a Purpose	Total pounds of recycled packaging/total pounds of packaging material	100% recycled packaging material by 2030		
Water Wise	Total gallons of water consumed/raw hop equivalent	10% reduction by 2030	9% DECREASE since 2015 (0.20 gallons/ghg)	
Packaging with a Purpose		Find long-term packaging solution for finished products to replace mylar foil bags		
Packaging Alternatives	Total change in foil size/original use of foil	Reduce foil waste by 10% by 2022	11.5%	
Invest in Renewable Technology		Explore anaerobic digestion for renewable energy options		
Lighting Upgrades	Percent of lighting upgraded	Replace U.S. based facilities with 100% LED or CFL lights by 2022	85%	
Harnessing the Sun	Total kwh energy produced through solar panels/total kwh used by YCH	Generate 5% of production power needs from on-site solar by 2025	5% in 2019	
Equipment Upgrades	Number of electric forklifts/number of total forklifts (electric & propane fueled)	Convert all forklifts to 100% electric by 2025	50%	

METRIC	EXPLANATION	GOAL	PERFORMANCE	PROGRESS
Hazardous Waste Handling	Number of spills/year	Maintain hazardous waste collection system at all facilities and have zero failures and spills each year	0	●
Consistently Compliant	Number of years within compliance	Maintain non-hazardous monitoring programs and comply with local and federal regulations	20+	●
Continuing Education	Number of employees participating in tuition reimbursement	On a case by case basis, the company will provide tuition reimbursement to employees for advanced education	6 EMPLOYEES	
Empowering Employees	Number of employees utilizing training allotment/total number of employees	Devote up to \$750/employee towards continuing education each year	54% (161 of 297 employees)	●
		Per year, have 10% of employees participate in selected online courses to assist them with advancement within Yakima Chief Hops		
Employee Engagement	Overall employee satisfaction score, based on annual employee survey	95% score	94.78%	●
Retaining Employees	Percent employee retention	75% employee retention	89%	●
Providing Opportunities	Number of interns employed	Employ at least 10 paid interns per year for professional development opportunities	13 INTERNS	●
Protecting our People	Number of days surpasses without a loss time incident	Reach 730 days without a lost time incident	730+ DAYS	●
Commitment to Quality	Percentage of satisfied customers	Maintain a 85% or higher score on customer survey annually	86%	●
Enriching our Communities	Total monetary donations awarded to community organizations	Direct cash contributions to \$80,000 per year to local charitable organizations across the PNW with this contribution split between Washington, Oregon and Idaho organizations based on annual hop production	\$ 95,917	●
Hops with a Purpose	Total amount of donated hops sent to breweries	Donate hops up to a market value of \$25,000/year to support disaster relief brewing	\$ 17,423	●
	Total amount of in-kind contributions made	Donate up to \$10,000/year of in-kind processing services to growers donating hops to charitable organizations	\$ 54,310	●
	Total pounds sold of community blends	Create "Community Blends" to support at cash contribution of \$3.00/lb. of product sold to select non-for-profit organizations	30,000 LBS	●

METRIC	EXPLANATION	GOAL	PERFORMANCE	PROGRESS
YCH Cares: Give Back Program	Percentage of employees participating in YCH Give-Back Volunteer Program	75% of Full-time employees contribute up to 16 hours of community service every year	41%	
	Number of hours volunteered by YCH employees	2,500 company hours	1,022 HOURS	
	Number of employees participating in group volunteer day/total number of employees	25% of employees participate in annual company wide community volunteer opportunity	22% (50 out of 228 employees)	

GRI INDEX

	GENERAL DISCLOSURE	DISCLOSURE TITLE	CROSS-REFERENCE, ANSWER, OR ADDITIONAL INFORMATION	ADDITIONAL REFERENCE
ORGANIZATIONAL PROFILE	102-1	Name of the organization	Yakima Chief Hops	
	102-2	Activities, brands, products, and services	All of our products are made available on our company website: www.yakimachief.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, 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.	
	102-7	Scale of the organization	Page 33, 50, 52, 54	
	102-8	Information on employees and other workers	Page 52, 53, 54, 55, 56, 57	
	102-9	Supply chain	Page 32	
	102-10	Significant changes to the organization and its supply chain	Page 4, 6, 32, 50, 54	
	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.	
	102-12	External initiatives	Page 40, 41, 44. Additionally, a complete list of all our certifications can be found on our company website: www.yakimachief.com/certifications/	
	102-13	Membership of associations	Page 66 & 67	
STRATEGY	102-14	Statement from senior decision-maker	Page 6	
	102-15	Key impacts, risks, and opportunities	Page 6, 8, 9, 10, 11, 18, 20, 21, 22, 23, 24, 26, 28, 68, 69, 70, 71	

ETHICS	102-16	Values, principles, standards, and norms of behavior	Page 4 & 5. Additional information revolving around our company's vision can be found on our company's website: www.yakimachief.com/our-company/	
GOVERNANCE STRUCTURE	102-18	Governance structure	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.	
	102-26	Role of governance body in setting purpose, values, and strategy	Page 5. Additional information regarding the creation of our company's mission statement can be found on our website: www.yakimachief.com/our-company/	
	102-31	Review of economic, environmental, and social topics	Page 6, 8, 9, 10	
STAKEHOLDER ENGAGEMENT	102-40	List of stakeholder groups	Page 11	
	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.	Sustainable Development Goal (SDG) SDG 8
	102-42	Identifying and selecting stakeholders	Page 11, 16, 32, 45, 46, 47, 49	
	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.	SDG 17
	102-44	Key topics and concerns raised	Page 5, 8, 9, 11, 13, 15, 68, 69, 70, 71	
REPORTING PRACTICE	102-46	Defining report content and topic Boundaries	Page 6, 8, 10, 11, 12, 15, 18, 32, 52	
	102-47	List of material topics	Page 8, 9, 10, 11, 13, 18, 32, 52	
	102-48	Restatements of information	None	

REPORTING PRACTICE	102-49	Changes in reporting	None	
	102-50	Reporting period	Reporting period (fiscal year) August 1, 2018 to July 31, 2019	
	102-51	Date of most recent report	27-Apr-20	
	102-52	Reporting cycle	Annual	
	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	Page 10. In accordance with GRI core.	
	102-56	External assurance	We are not currently seeking external assurance	
MANAGEMENT APPROACH	103-1	Explanation of the material topic and its Boundary	Page 8, 9, 11, 13, 18, 32, 52. Additional explanations of our material topics can be found on our company website: www.yakimachief.com/corporate-social-responsibility/	
	103-2	The management approach and its components	Page 4, 5, 6, 8, 9, 15, 16, 56	
	103-3	Evaluation of the management approach	Page 4, 5, 6, 8, 9, 56	
ECONOMIC	201-1	Direct economic value generated and distributed	Financial Distributions: 76% Return to growers, 8% Employee wages & benefits, 13% operating expenses, 3% returns to providers of capital. Additional information can be found on our company's website: www.yakimachief.com/corporate-social-responsibility/	SDG 8
	201-4	Financial assistance received from government	None	
	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Page 55 & 56	
	204-1	Proportion of spending on local suppliers	Page 49 & 50	
	205-1	Operations assessed for risks related to corruption		
	205-2	Communication and training about anti-corruption policies and procedures	None	
	205-3	Confirmed incidents of corruption and actions taken	None	

ENVIRONMENTAL	301-1	Materials used by weight or volume	Page 22, 23, 69	
	301-2	Recycled input materials used	Page 22, 23, 29. Additional information can found on our company's website: www.yakimachief.com/corporate-social-responsibility/	SDG 12
	302-1	Energy consumption within the organization	Page 20, 21, 69. Additional information can found on our company's website: www.yakimachief.com/corporate-social-responsibility/	SDG 7 & 9
	302-2	Energy consumption outside the organization	Page 20, 21, 27, 28, 68	SDG 7
	302-3	Energy Intensity	Page 20. (0.27 kwh/RHE)	
	302-4	Reduction of energy consumption	Page 20 & 69. Additional information can found on our company's website: www.yakimachief.com/corporate-social-responsibility/	SDG 7
	303-1	Water withdrawn by source	Page 24, 25, 69	SDG 14
	303-2	Management of water discharge related impacts	Page 24	SDG 12 & 14
	303-4	Water discharge	Page 24	SDG 14
	303-5	Water consumption	Page 24 & 69	SDG 14
	305-1	Direct (Scope 1) GHG emissions	Page 26 & 68 (8,895 Metric Tons of CO2)	SDG 7 & 13
	305-2	Energy indirect (Scope 2) GHG emissions	Page 26 & 28. (7,077 Metric Tons CO2)	SDG 7 & 13
	305-3	Other indirect (Scope 3) GHG emissions	Page 26 & 28. (149,293 Metric Tons CO2)	SDG 7 & 13
	305-4	GHG Emissions Intensity	Page 26 & 68 (0.40 lbs CO2/RHE)	
	305-5	Reduction of GHG emissions	Page 26, 27, 28, 68	SDG 7 & 13
	306-1	Water discharged by quality and destination	Page 24	SDG 6
	306-2	Waste by type and disposal method	Page 24	SDG 12
	306-3	Significant Spills	Page 70	
SOCIAL	401-1	New employee hires and employee turnover	Page 52, 53, 54, 55, 56, 57, 70	SDG 8
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Page 32. Additional information can found on our company's website: www.yakimachief.com/corporate-social-responsibility/	SDG 8
	402-1	Minimum notice periods regarding operational changes	30 days. There are no collective bargaining agreements at YCH.	

SOCIAL	403-1	Occupational health and safety management system	Page 42, 43, 70	
	403-4	Worker participation, consultation, and communication on occupational health and safety	Page 42 & 43	
	403-5	Worker training on occupational health and safety	Page 43	SDG 4 & 8
	404-1	Average hours of training per year per employee	Page 61 & 70	SDG 4 & 8
	404-2	Programs for upgrading employees skills and transition assistance programs	Page 60, 61, 62, 70. Additional information can found on our company's website: https://www.yakimachief.com/corporate-social-responsibility/	SDG 4 & 8
	404-3	Percentage of employees receiving regular performance and career development reviews	Page 61	SDG 4 & 8
	405-1	Diversity of governance bodies and employees	Page 56 & 57. Additional information can found on our company's website: https://www.yakimachief.com/our-staff/	SDG 8
	408-1	Operations and suppliers at significant risk for incidents of child labor	None	SDG 8
	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	None	SDG 8
	410-1	Security personnel trained in human rights polices	YCH does not employ security personnel.	
	411-1	Incidents of violations involving rights of indigenous peoples	None	
	412-1	Operations that have been subjected to human rights reviews or impact assessments	None	
	413-1	Operations with local community engagement, impact assessments, and development programs	Page 64, 65, 66, 67, 70, 71	SDG 11
	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.	SDG 11

SOCIAL	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).	



YAKIMA CHIEF - HOPS -

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