



ANNUAL BENEFIT REPORT: 2021



overview

OUR STORY

Like many underdog stories, it started in a garage. Err, or was it the back porch and then the garage. Yeah, the back porch came first, the garage, later. Two neighbors sharing craft beer. From that day forth Dustin shared his craft beer knowledge, and almost every bottle of craft beer he purchased with his new neighbor, Terry. A friendship forged in hops, malt, and more barrel aged brews than we care to count — it led to the founding of Liability Brewing Co., first as the moniker that encapsulated our homebrew exploits, then as the name we ended up dubbing our 10 BBL brewery and taproom on West Stone Avenue in Greenville, SC. There's a more than 99% chance that if you see Dustin and Terry deep in conversation, that the conversation is about beer. Or movies. Sometimes comics. Or Star Wars. But probably, most likely, eventually, about beer.

We like to have fun, and we don't take ourselves very seriously. Life is too short, yadda yadda, and we just want to brew and drink great beer and have a good time with those around us. Our branding and taproom experience are meant to put a smile on your face. Take a second to think about the best experiences you've had with craft beer. Is there a common thread? For us, it's that craft beer more times than not elicits a visceral reaction. Walking into a taproom, seeing the equipment that brewed the beer you're about to drink just feet away. The tastes, the smells, the clever names of the beers. The great beer. The terrible beer. Your friends laughing and enjoying everyone's company. To us, this is what it's all about. We want to drink and laugh with you. We want to hear your snark. We want you to connect with our creativity and our flavors. We want the emotion you associate with craft beer to be something you feel in your bones! But don't feel it too much though, you don't want to become a liability. Or maybe you do?

Yes, we're fun loving and irreverent, but don't let that fool you. We are serious about our craft, and our quality. We believe that the current demand for fresh, local beer is not a trend, but an American desire with far reaching impacts. We stand as an antagonist to macro produced, high-on-marketing, low-on-flavor beverages. We think that you want a product that is equal parts art and science, and not just about maximizing shareholder profit. We're on a never ending search for the best ingredients to make the greatest beer we possibly can. And we are maniacally focused on creating an experience that you and your friends will enjoy for decades to come. You're going to see things from us that make you shake your heads, things that make you laugh, and sometimes, things that don't make sense. But trust us, we have a plan. And we need you to help us bring it together. The community in Greenville is special, and this brewery is our way of contributing to an even more fun and enjoyable future.



overview

BY THE NUMBERS

2017*Founded***2018***Opened***2021***Became a Benefit Corp***10 BBL***Brewhouse***11 + 1***Fermentation Vessels + Brite Tank***4,953***SQ FT Taproom*

WHAT'S IN A NAME

li·a·bil·i·ty

noun

- 1.the state of being responsible for something, especially by law.
- 2.a person or thing whose presence or behavior is likely to cause embarrassment or put one at a disadvantage.

We didn't realize it at the time, but the influence of the second definition was at play in our lives on almost a daily basis. Sometimes even on an hourly basis depending on the events of the day — we're guessing it's at play in your lives all the time too. A friend put themselves in a bad situation because they drank too much. A character in a movie did something dumb and made us laugh and cringe at the same time. We forgot an ingredient so the original recipe we wanted to brew had no chance of ever turning out how we hoped. A crazy uncle did crazy uncle things. A friend walked head first into a light post because they weren't watching where they were walking. The list goes on. We found ourselves calling these people, situations and experiences "liabilities," because they were. We used the word so often that it stuck in our vernacular like an inside joke. Naturally, during one of the aforementioned "research and development" tasting sessions, Dustin suggested that we should name our homebrew experience Liability Brewing Co., and here we are. Really, we just wanted a singular location that we could use to checkin on Untappd because everything around us was lame.

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OUR MISSION

Through both the art and science of producing craft beer, we strive to:

- Make high-quality beer in a sustainable manner that reduces our impact on the environment by emphasizing the use of American ingredient suppliers focused on sustainability, capturing and reusing our natural production of carbon dioxide and generating our own nitrogen, focusing on reducing our water usage, and maintaining a recycling program,
- Give back to our local community via partnerships with charities focused on improving our region's environmental footprint, educational attainment levels, and the personal and economic impact of our citizens,
- Provide people regionally with an enjoyable drinking experience and remind our guests that liabilities make for better adventures.

OUR VALUES

QUALITY - We will deliver the highest quality beer to our guests in a sustainable manner. We will live our brewing doctrine.

SERVICE - We will deliver a guest experience that exceeds their expectations. When the experience doesn't exceed those expectations, we will work to correct the issue in a timely manner.

FUN - We will live our mantra.

COLLABORATION - We will collaborate with fellow members of the brewing community to advance our common goals. We will collaborate with local and state leaders to advance the common goals of the community.

HONESTY - We will be honest and not spread any falsehoods. We will be transparent and freely share information as appropriate to the relationship.

EMPATHY & COMPASSION - We will understand the viewpoints of others and show sincere compassion for those in positions less fortunate than ours. We will give back to our local community by developing and implementing an annual charity plan.



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OUR BENEFIT DIRECTOR & OFFICER

Kathy Horner

General Manager

109 W Stone Ave, Suite D

Greenville, SC 29609

OUR OWNERSHIP TEAM

Terry Horner - Majority Ownership

Shane Horner - Minority Ownership

Jeremy Schwendeman - Minority Ownership

OUR GENERAL PUBLIC BENEFIT

Pursuant to the South Carolina Benefit Corporation Act, Liability Brewing Co.'s general public benefit is to deliver a material positive impact on society and the environment taken as a whole, as assessed against a third-party standard, from the business and operations of a benefit corporation.

OUR SPECIFIC PUBLIC BENEFIT

Pursuant to the South Carolina Benefit Corporation Act, Liability Brewing Co. adopted the following specific public benefit:

- To produce our craft alcoholic beverages in a manner that promotes environmental sustainability through the selection of like minded supply chain partners and utilizing innovative manufacturing techniques that seek to reduce the impact of our operations on energy usage, water consumption, greenhouse gas emissions, and waste;
- To establish a professional workforce by providing livable wages, healthcare and other insurance to eligible employees, paid time off, continuing education opportunities, and discounts;
- To give back to our local community via partnerships with charities and organizations that focus on improving our region's environmental footprint, educational attainment levels, and the personal and economic impact of our citizens.

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THIRD-PARTY STANDARD

The South Carolina Benefit Corporation Act requires the use of a third-party standard to assess and report on our efforts to meet our specific public benefit.

We utilize the B Impact Assessment (BIA) administered by B Lab. Companies that achieve a score of 80 or above and pass their risk review are awarded the "B Corp Certification." As defined by B Lab, "B Corp Certification is a designation that a business is meeting high standards of verified performance, accountability, and transparency on factors from employee benefits and charitable giving to supply chain practices and input materials."

Our specific public benefit highlights a commitment to the environment, our workforce, and our surrounding community. The BIA specifically evaluates company performance in the areas of Governance, Workers, Community, Environment, and Customers. These categories aligned well with measuring our success in meeting our specific public benefit. See the corresponding B Impact Report table for our scores.

The BIA also provides benchmarking tools to evaluate our performance against other B Corps as well as a platform to identify and track opportunities for improvement.

AFFILIATION TO STANDARD

There is no connection or relationship between Liability Brewing Co., its ownership, or its benefit director/officer with B Lab or the B Impact Assessment.

B Impact Report*

Categories	Our Score	Sector Ave.
Governance	15.2	5.6
Workers	20	16.3
Community	18	11.2
Environment	23.3	20.1
Customers	4.6	2.1
Overall B Score	81.3	76.5

80 pts required for B Corp Certification
81.3 pts out of 200
*Based on 2020 and 2021 data

*As of publishing date, we are not officially B Corp Certified but are in the final review stages.

DIRECTOR STATEMENT

Liability Brewing Co. and its leadership team acted in accordance with its general and specific public benefits and complied with Section 33-38-400 of the South Carolina Benefit Corporation Act. The remainder of this report outlines Liability Brewing Co.'s specific actions taken toward meeting those purposes as assessed against the Third-Party Standard.

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GOVERNANCE

Liability Brewing Co. is an independently owned and operated craft brewery located in Greenville, SC. In October 2021, we amended our corporate structure to become a Benefit Corporation. This amendment formally codifies that decisions made in both long-term strategic planning and in day-to-day operations consider the general and specific public benefits.

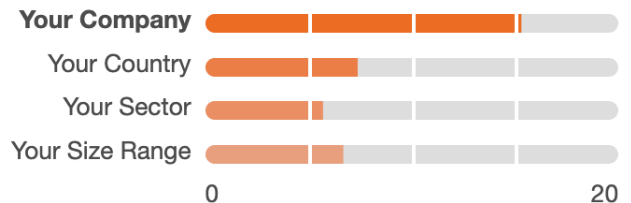
Our philosophy towards governance and overall leadership is to be transparent with our employees and to foster a collaborative work environment in which all employees feel empowered not only to make decisions but to provide suggestions for improvement and growth.

We also encourage and welcome similar feedback from you and our community.

Highlights of the Governance category include:

- We have weekly, biweekly, and monthly meetings with different teams and the entire staff which feature a comprehensive update of all areas of the business as well as financial reporting.
- Our leadership team members have regular one-on-one meetings with their assigned staff.
- Our website provides an overview of our leadership team and activities we are pursuing to meet our specific public benefits.
- Through a contact page on our website and via social media platforms, customers are able to engage with our leadership team and staff.
- We regularly participate in industry benchmarking studies conducted by the Brewers Association.

QUESTIONS ANSWERED 21/21 OVERALL SCORE 15.2



The B Impact Assessment's Governance section "evaluates a company's overall mission, engagement around its social/environmental impact, ethics, and transparency...[and] the ability of the company to protect their mission and formally consider stakeholders in decision making through their corporate structure."



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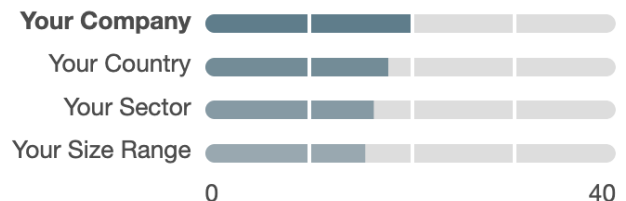
WORKERS

The heart and soul of Liability Brewing Co. are its employees. The quality of our work environment for the staff is as important as the quality of beer we serve to you.

Highlights of the Workers category include:

- We offer health, dental, and vision insurance as well as short-term/long-term disability and life insurance to all full-time employees.
- 100% of eligible employees are enrolled in at least one of the above mentioned insurance programs.
- For employee premiums, we pay 100% of short-term/long-term disability and life insurance, 75% of health insurance, and 49% of dental and vision insurance.
- 100% of employees receive discounts on merchandise and craft beer.
- 100% of employees received a bonus in 2020 and 2021 despite operating losses suffered during the COVID pandemic.
- Our lowest starting wage is \$10/hour, \$7.87 above the tipped wage minimum and \$2.75 above federal minimum wage. When considering all forms of compensation, 100% of employees earn above the MIT Living Wage calculation for their employee category for Greenville-Anderson-Mauldin, SC.
- 100% of employees receive paid time off and parental leave.
- 100% of employees receive onboarding and proper training for their position at the time of hire. As employees express interest in growth opportunities within the company, we provide cross-job training.
- 100% of employees receive regular feedback on performance.

QUESTIONS ANSWERED 41/41 OVERALL SCORE 20.0



The B Impact Assessment's Workers section "evaluates a company's contributions to its employees' financial security, health & safety, wellness, career development, and engagement & satisfaction. In addition, this section recognizes business models designed to benefit workers, such as companies that are at least 40% owned by non-executive employees and those that have workforce development programs to support individuals with barriers to employment."



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COMMUNITY

As a fundamental part of our mission and values, Liability Brewing Co. strives to give back to our local community via partnerships with charities focused on improving our region's environmental footprint, educational attainment levels, and the personal and economic impact of our citizens.

We partner with a local charity for 30 days. During that time, we provide the following:

- Free use of our space to host a private event to support the charity's mission,
- Public event to engage the community and our customers in the mission of the charity,
- Donation of a portion of sales of a benefit beer, and
- Shared promotion of the charity on our social media and email channels.

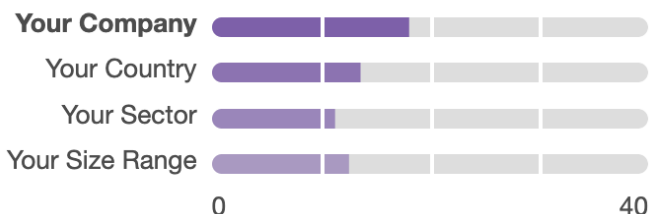
Throughout the year, we also support additional local charities via participation in festivals and events.

The Community category also highlights our work in diversity and inclusion.

Highlights of the Community category include:

- Even while operating at a loss during 2020 and 2021 due to the COVID pandemic, we partnered with four organizations and donated to an additional 10 organizations. Donations totaled over \$9,000.
- One third of our leadership team identifies as female.
- The majority of our employees are hired from the local community.
- Majority ownership and the leadership team live in the community we operate.
- We strive to buy from local and independent businesses when possible.

QUESTIONS ANSWERED **37/37** OVERALL SCORE **18.0**



The B Impact Assessment's Community section "evaluates a company's engagement with and impact on the communities in which it operates, hires from, and sources from. Topics include diversity, equity & inclusion, economic impact, civic engagement, charitable giving, and supply chain management. In addition, this section recognizes business models that are designed to address specific community-oriented problems, such as poverty alleviation through fair trade sourcing or distribution via microenterprises, producer cooperative models, locally focused economic development, and formal charitable giving commitments."



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ENVIRONMENT

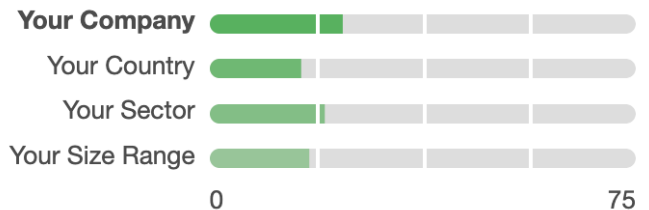
Liability Brewing Co. and her brewing team believe that the current demand for fresh, local beer is not a trend, but an American desire with far reaching impacts. We stand as an antagonist to macro produced, high-on-marketing, low-on-flavor beverages. We think you want a product that is equal parts art and science, and not just about maximizing shareholder profit.

This means we have to do more with less. We rely on our senses as much as our equipment to tell us when a beer is at its best. We're on a never ending search for the best ingredients and best processes to make the greatest beer we possibly can with the lowest environmental impact possible.

Highlights of the Environment category include:

- Nearly all of our raw ingredients come from the US, supporting American craft farmers and producers. We utilize varieties of grain that are more sustainable, developed by American universities to adapt to local growing climates, alleviating pressure on farmers to use more archaic varieties that require high pesticide usage. These barleys and wheats are also grown using only rainwater, requiring no man made water sources for their full maturation.
- We capture naturally produced CO₂ during fermentation, which requires care and special equipment, but it lowers our CO₂ usage and our carbon footprint.
- Through a partnership with Atlas Organics for pick-up of our spent grain, in 2020 and 2021 we:
 - diverted 114,134 pounds from the landfill,
 - offset 110 pounds of greenhouse gases,
 - reclaimed 4,974 square feet of cropland, and
 - saved 409,532 gallons of water.
- We recycle all cardboard, aluminum, plastic, and glass through local recycling centers.
- We utilize as many recycled and recyclable or compostable products as possible.

QUESTIONS ANSWERED 52/52 OVERALL SCORE 23.3



The B Impact Assessment's Environment section "evaluates a company's overall environmental management practices as well as its impact on the air, climate, water, land, and biodiversity. This includes the direct impact of a company's operations and, when applicable its supply chain and distribution channels. This section also recognizes companies with environmentally innovative production processes and those that sell products or services that have a positive environmental impact. Some examples might include products and services that create renewable energy, reduce consumption or waste, conserve land or wildlife, provide less toxic alternatives to the market, or educate people about environmental problems."



benefit corp standards

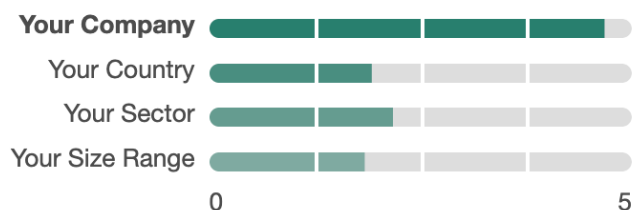
CUSTOMERS

Liability Brewing Co. is fun loving and irreverent, but don't let that fool you. We are serious about our craft and our quality. We are maniacally focused on creating an experience that you and your friends will enjoy for decades to come. We want to be a collaborative community gathering spot. We like constructive criticism and want to know what we can do better at every step of our process. And we need you to help us bring it together.

Highlights of the Customers category include:

- For our health conscious consumers, we:
 - only use food products in our beer and omit animal based additives,
 - do not use animal products of any sort (outside of honey, which will be noted on any beer containing it); we are dairy free and vegetarian friendly, and
 - use an enzyme to reduce gluten, for our gluten conscious drinkers.
- Our president sits on the SC Brewers Guild board which exists to unify, promote, and grow a cohesive craft beer industry in South Carolina.
- We ensure that staff follow all alcohol related laws, mitigate over-serving of customers and the serving of minors, and recognize the potential for drug facilitated sexual assault through appropriate training, policies, and procedures.
- We prominently list the alcohol content for all beer on menus and in marketing. Higher alcohol beers are sold in smaller serving sizes. Nonalcoholic options and free water are available.
- Our marketing intentionally promotes responsible drinking and actively avoids celebrating or encouraging overconsumption.
- We created a EU GDPR compliant privacy policy and a California Consumer Privacy Act (CCPA) compliant opt-out statement. Posting both to our website.

QUESTIONS ANSWERED 6/6 OVERALL SCORE 4.6



The B Impact Assessment's Customers section "evaluates a company's stewardship of its customers through the quality of its products and services, ethical marketing, data privacy and security, and feedback channels. In addition, this section recognizes products or services that are designed to address a particular social problem for or through its customers, such as health or educational products, arts & media products, serving underserved customers/clients, and services that improve the social impact of other businesses or organizations."



looking ahead

WHAT'S COMING IN 2022

At the publishing of this report, Liability Brewing Co. is in the final stages of becoming a B Corp Certified company. This designation solidifies the hard work and dedication of the staff to the community we live in, the customers we serve, and the environment which we hold dear. This certification will proudly be displayed alongside our Certified SC Product designation and Brewers Association Independent Craft Beer Seal.

We will continue to utilize the B Impact Assessment as our Third-Party Standard which allows us to set goals and make strategic decisions that meet our general and specific public benefits.

We thank all of you that have joined us on this journey and look forward to many more years of friendship found over a shared pint.

Life is better with a little Liability!



Follow us on all the things: @liabilitybeer
Contact us at www.liabilitybrewing.co