Impact Report



2023

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.

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 check-in on Untappd because everything around us was lame.



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 by focusing 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. We will work to correct any negative issues in a timely manner.





FUN
We will live our mantra! We encourage staff and guests to find their inner liability and (responsibly) let it out.

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





HONESTY
We will be honest and not spread any falsehoods. We will be transparent and 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.



OWNERSHIP TEAM

Terry Horner - Majority Ownership
Shane Horner - Minority Ownership
Jeremy Schwendeman - Minority Ownership

OUR GROWTH

2018

Opened with:
- 4,953 sq ft taproom and production facility
- 10 BBL Brewhouse
- 3 Fermentation Vessels and 1 Brite Tank

2019

- Hired internal salesperson
- Started limited SC distribution
- Added 2 Fermentation Vessels
- Purchased a canning line

2020

- Operated safely and retained staff during a global pandemic
- Added 2 Fermentation Vessels

2021

- Became a SC Benefit Corporation
- Expanded SC distribution - increased barrelage sold by 253%
- Added 4 Fermentation Vessels
- Upgraded canning line

2022

- Became a Certified B Corp
- Expanded SC distribution - increased barrelage sold by 125%
- Hired additional production staff
- Purchased a refrigerated van

2023

- Hired additional sales and production staff
- Expanded SC distribution - increased barrelage sold by 31%
- Added 2 Fermentation Vessels
- Added 2 Horizontal Lagering Tanks

Now

- New distribution partners to further expand SC distribution market
- Maxed production capacity in current facility
- Anticipating additional growth in staffing

BENEFIT CORP

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.

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.

BENEFIT DIRECTOR

Kathy Horner
General Manager
109 W Stone Ave, Suite D
Greenville, SC 29609

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.

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."

> *We are proud to join the B Corp global community and are excited to learn from that community as we work to grow our business and improve our score each and every year.*

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 graphic below 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.

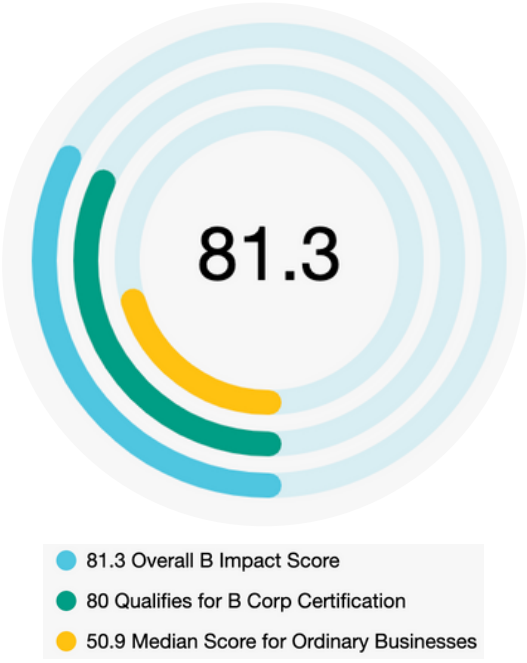
AFFILIATION TO STANDARD

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.

OVERALL B IMPACT SCORE

In May 2022, we earned the official B Corp Certification from B Lab with a scored of 81.3 on the B Impact Assessment

B Corps are purpose driven organizations that place emphasis on making a positive impact on their employees, communities, and the world by making sure that every stakeholder benefits from the organization and not just shareholders or owners.



B CORP CERTIFICATION : IMPACT AREAS

COMMUNITY

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."



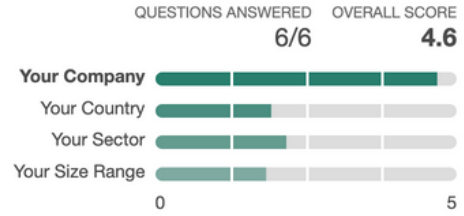
ENVIRONMENT

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."



CUSTOMERS

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."



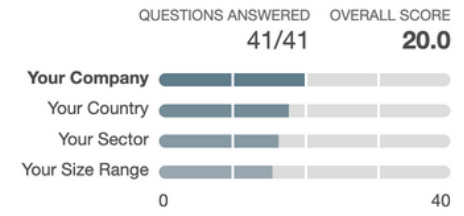
GOVERNANCE

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."



WORKERS

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."



COMMUNITY

As a fundamental part of our mission and values, Liability Brewing Co. strives to give back to our local community.

Our charitable giving and partnerships primarily focus on the values listed below.

Giving efforts and partnerships may include any of 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 or a set donation.
- Shared promotion of the charity on our social media and email channels.

1.13%

Goal - Donate 1% of annual revenue

3%



Donated to Sustainability and Environmental Protections Causes

58%



Donated to Health and Wellness Causes

39%



Donated to Personal and Economic Impact Causes

01

Sustainability and Environmental Protection

Organizations that are focused on protecting the environment and reducing our collective negative impact.

02

Health and Wellness

Organizations that are focused on improving the health and wellness of individuals and animals in our community.

03

Personal and Economic Impact

Organizations that are focused on education, advocacy, or improving individuals' access to economic opportunities.

ENVIRONMENT

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.

4,617

Pounds Recycled per Year (estimate)

We prioritize purchasing our raw ingredients from the US, supporting American craft farmers and producers.

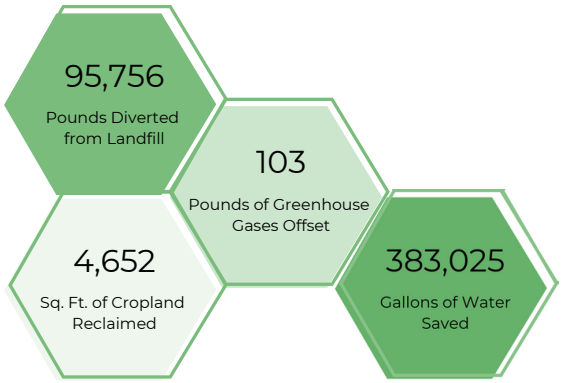


Barley field in North Carolina; malted by Carolina Malt House



Cascade wet hops from Crosby Hop Farm, a Certified B Corp

Our processes are geared toward reducing our carbon footprint and impact on landfills.



Environmental Impact from Grain Donation to Farmer

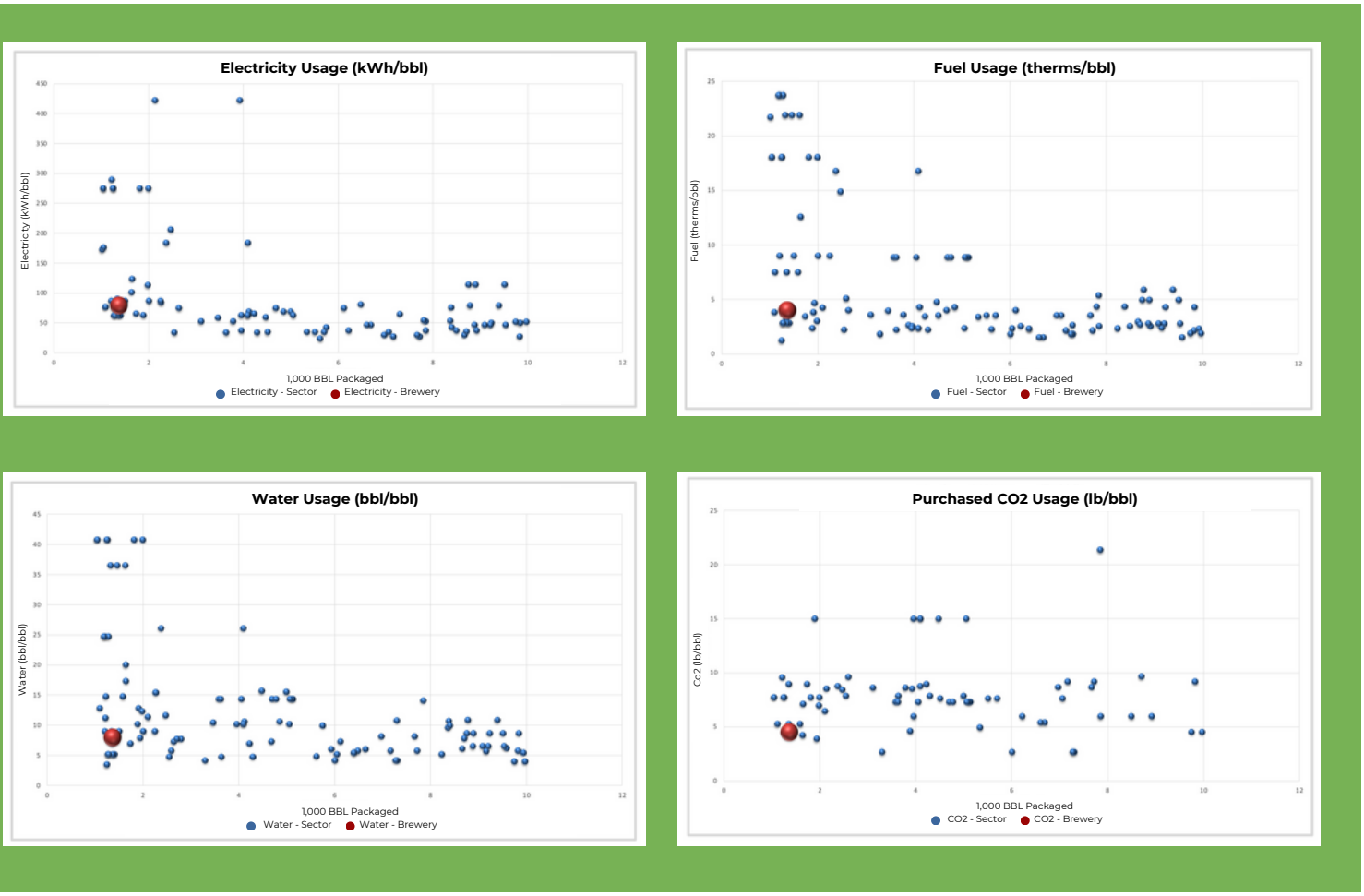
Keg Logistics

As a brewery that distributes draft beer, we have many options for kegs. With environmental impact in mind, we:

- Only use metal kegs which are infinitely reusable
- Changed to one way kegs reducing our carbon footprint through a shared, reusable model

ENVIRONMENT

Utilizing an industry benchmarking tool from the Brewers Association, we're able to compare our utility usage to other breweries our size (<2,000 BBL/year). Represented by the red dot in the graphics below, we are consistently more efficient than other breweries our size. However, there is always room for improvement.



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.



Awards for Craft Beer Quality

- Won a Bronze medal in the 2023 World Beer Cup, International Light Lager category. The 2023 World Beer Cup featured 10,213 entries from 2,376 breweries in 51 countries
- Won Gold and two Silver medals in the 2023 US Open Beer Championship. The competition featured 3,107 entries in 160 different style categories
- Won two Gold medals in the 2023 SC Brewers Cup. This competition featured 308 different beers submitted by 48 SC breweries and judged in 19 categories
- Placed in the top 3 in 21 beer categories in the state of South Carolina in the 2023 Untappd Community Awards

Creation of a Customer Craft Beer Community

- Hosted a full Societas Vombatus collaboration brew day and initiation event followed by a beer release event
- Hosted 10 Societas Vombatus events
- Hosted 7 collaboration brew days with Societas Vombatus winners



CUSTOMERS



Industry Leadership and Collaboration

- Our CEO served as Vice President of the SC Brewers Guild which exists to unify, promote, and grow a cohesive and responsible craft beer industry in South Carolina. SCBG successfully lobbied for the passage of the SC Craft Beer Economic Development Act
- Hosted one of the Upstate beer community collaboration brew days in honor of Tom Davis, founder of Thomas Creek Brewing. Donated $1,500 to Davis family from sale of Legacy Red Ale
- Collaborated with the South Carolina chapter of the Pink Boots Society to create a beer to raise awareness of the organization

Supporting Our Neighbors

- Sponsored the Greenville Griffins Rugby Club and provided complimentary space for 6 team gatherings
- Sponsored the Freehub Racing cycling team
- Provide complimentary space for neighborhood HOA meeting (3rd year in a row)





Health Conscious Beer and Responsible Serving

- Our brewing philosophy:
  - only use food products in our beer,
  - do not use animal products of any sort (outside of honey, which will be noted on any beer containing it)
  - make dairy free and vegetarian friendly beer, and
  - use an enzyme to reduce gluten, for our gluten conscious drinkers
- 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. Provide a way for customers to discreetly ask for help
- Intentionally promote responsible drinking and actively avoid celebrating or encouraging overconsumption in our marketing messages

GOVERNANCE

Liability Brewing Co. is an independently owned and operated craft brewery. 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 our 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:

- Lead weekly, monthly, quarterly, and annual meetings with different teams and the entire staff featuring comprehensive updates of all areas of the business as well as financial reporting

- Conduct regular one-on-one meetings between the leadership team and their assigned staff

- Transparent communication via our website and social media platforms of the composition of our leadership team and activities we are pursuing to meet our specific public benefits. Publishes an annual impact report to our website.

- Engage with our customers and community members through a contact page on our website, via social media platforms, and in person in the taproom

- Regular participation in industry benchmarking studies conducted by the national Brewers Association

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.



- 75% payment of Medical premiums for employees; dependent coverage
- 50% payment of Dental & Vision premiums for employees; dependent coverage
- 100% payment of basic life insurance & disability premiums
- Paid time off, parental leave, and military leave
- 3 company wide holidays, 7 paid holidays for full-time salaried staff
- Free and discounted merchandise and products
- Employees earn above the MIT living wage calculation
- Performance bonuses
- Stock options for eligible employees
- Onboarding and position-specific training
- Professional development and employee growth plans
  - 268 hours logged in 2023
  - 4 staff cross-trained in secondary area
- Regular performance feedback and one-on-ones with supervisor

WHAT'S COMING IN 2024

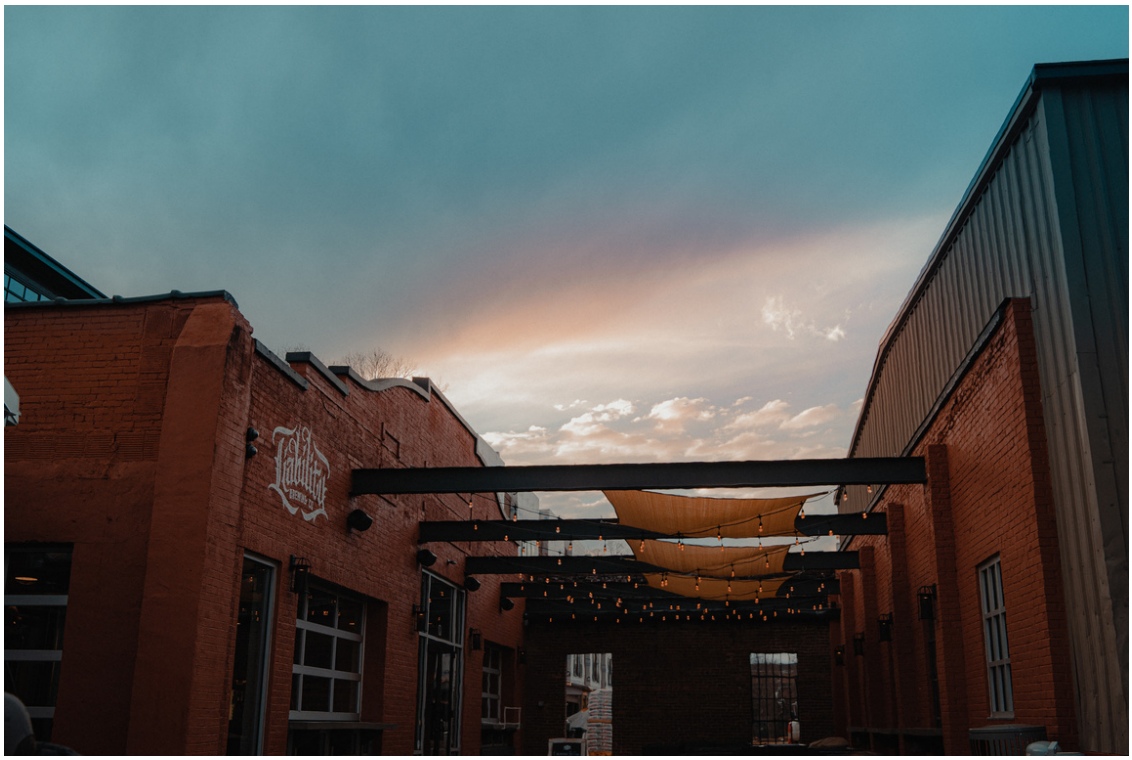
With our Certified B Corp status, Liability Brewing Co. remains dedicated to *Being a Force for Good* in the world. We'll be working diligently on the recertification process leading into 2025. This certification solidifies the hard work and dedication of the staff to the community we live in, the customers we serve, and the environment which we hold dear. We proudly display this certification alongside our Certified South Carolina Product designation and Brewers Association Independent Craft Beer Seal.

In 2024, we plan to expand our distribution network further across the state of South Carolina and become accessible to more people. But our taproom will always remain home.

We've maxed our 10 BBL equipment capacity at the current brewery location but experimental beers remain a key component of our taproom experience. We'll be investing in a one barrel fermenter, one barrel brite tank, and an independent glycol chiller. Expect to taste some unique brews that will be exclusive to the taproom!

We thank all of you that have joined us on this journey thus far 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


WOMBAT
LIABILITY BREWING Co
7.0%
ALC. VOL
WOMBAT
AROMA
FLAVOR
HOPS