

**The Boston Beer Company, Inc.**  
**Related Party Transactions Policy**

*Adopted: May 18, 2017*

The Board of Directors of The Boston Beer Company, Inc. (together with its subsidiaries, the "Company"), acting upon the recommendation of the Audit Committee (the "Committee") of the Board of Directors of The Boston Beer Company, Inc. (the "Board"), has adopted the following policy regarding Related Party Transactions. The Committee will review and may amend this policy from time to time.

**Purpose**

This policy is intended to enable the Committee to consider the reporting and approval of transactions between the Company and any of its Directors, Director Nominees, Executive Officers, or 5% Stockholders, or certain entities or persons related to them. Such transactions are appropriate only if they are in the best interests of the Company. On an annual basis, the Company is required to disclose certain Related Party Transactions in its Proxy Statement, as well as a summary of its policy concerning these transactions.

**Definitions**

- "Executive Officer" means any Company employee who is subject to the provisions of Section 16 of the Securities Exchange Act of 1934, as designated by the Board.
- "General Counsel's Office" means the persons serving from time to time as the Company's: (1) General Counsel, whether such person is an employee of the Company or outside general counsel; (2) Vice President, Legal & Deputy General Counsel; (3) Associate General Counsel & Corporate Secretary; or (4) in-house senior counsel similar in responsibility to (2) and (3), irrespective of title. Notices required to be sent to the General Counsel's Office may be sent to any or all of such persons.
- "Immediate Family Member" means a child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law of a Director, Director Nominee, Executive Officer, or 5% Stockholder, and any person (other than a tenant or employee) sharing the household of such Director, Director Nominee, Executive Officer, or 5% Stockholder.
- "Related Party" means any person who is or at any time since the start of the Company's last fiscal year was:
  - A Director, Director Nominee, or Executive Officer of the Company; or
  - A 5% Stockholder; or
  - An Immediate Family Member of any of the foregoing persons.
- "Related Party Transaction" means:
  - Any transaction involving any Related Party that would be required to be disclosed under Item 404(a) of Regulation S-K promulgated under the Securities Exchange Act of 1934 ("Item 404(a)") or has the potential to create a contract for such a transaction in the future.
  - Any transaction between the Company on the one hand and the Chairman or CEO on the other hand in which the amount involved could potentially exceed \$1,000, other than the Exceptions outlined below.
  - Any unusual incentive arrangement between the Company and any employee in which the amount involved could potentially exceed the amount then requiring disclosure under Item 404(a), which is \$120,000 as of the adoption of this policy. For the purposes of this policy, an incentive arrangement would be "unusual" if it does not fall within the basic structure of the Company's standard cash incentive bonus or long-term equity programs, and a buyout arrangement would be "unusual" if it materially varies from the Company's standard practices with respect to severance agreements in terms of length, proportional size, and/or nature.

- Any arrangement between the Company and any Company employee, in which the Company proposes to "buy out" any rights of such employee, if the amount involved could potentially exceed the amount then requiring disclosure under Item 404(a) or 6 months of the employee's then base salary, whichever is higher.
- Any material amendment or modification to an existing Related Party Transaction, regardless of whether such transaction has previously been approved in accordance with this policy.
- Any of the above transactions that indirectly involve a Related Party, such as any of the above transactions between the Company and a business entity owned or controlled by a Related Party.
- Any contributions by the Company to a charitable organization, foundation, or university at which a Related Party is a trustee, director or employee that is valued greater than \$5,000.
- Notwithstanding the foregoing, the following "Exceptions" shall not be deemed to be Related Party Transactions:
  - Any transaction that involves compensation to a Director or Executive Officer in connection with his or her duties to the Company, if the amount of such compensation is determined pursuant to a compensation arrangement previously approved by the Compensation Committee of the Board (the "Compensation Committee") or the Board itself.
  - The reimbursement of reasonable business and travel expenses incurred in the ordinary course of business and reimbursed in accordance with the Company's standard reimbursement policies.
  - Any transaction in which the Related Party's interest arises solely from employment with the Company and in which all employees receive the opportunity for the same proportional benefits as the Related Party.
  - Any transaction in which the Related Party's interest arises solely from ownership of Company shares and in which all shareholders of that class of shares receive the same proportional benefits as the Related Party.
  - Any transaction involving a Related Party where the rates or charges involved are determined via a proper competitive bid process.
- "5% Stockholder" means an entity or person known by the Company to be the beneficial owner of more than 5% of any class of the Company's Class A Common Stock or Class B Common Stock.

### **Policy**

All Related Party Transactions or transactions that might reasonably be viewed as representing Related Party Transactions or that could create a Related Party Transaction at a future date, must be reported to the General Counsel's Office and referred to the Committee for approval or ratification in accordance with this policy prior to the transaction being entered into.

This policy is in addition to the provisions dealing with conflicts of interest outlined in the Company's Code of Business Conduct and Ethics.

### **Identification of Potential Related Party Transactions**

Each Director, Director Nominee, and Executive Officer is responsible for providing written notice to the General Counsel's Office of any potential Related Party Transaction directly or indirectly involving him or her or his or her Immediate Family Member, including any additional information about the transaction that the General Counsel's Office may reasonably request. The Committee, in consultation with the General Counsel's Office, will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

In addition, each Director, Director Nominee, and Executive Officer is required to complete the annual Directors & Officers Questionnaire (generally circulated in early January) in connection with the annual Proxy Statement that asks about their Immediate Family Members and any current, past, and proposed Related Party Transactions.

The Company strongly prefers to receive such notice of any potential Related Party Transaction well in advance so that the General Counsel's Office has adequate time to obtain and review information about the proposed transaction and to refer it to the appropriate approval authority. Ratification of a Related Party Transaction after its commencement or even its completion may be appropriate in some circumstances, however.

### **Review and Approval of Related Party Transactions**

The General Counsel's Office will refer Related Party Transactions to the Committee for review and approval or ratification. Any member of the Committee who has a potential interest in any Related Party Transaction will recuse himself or herself and abstain from voting on the approval or ratification of the Related Party Transaction, but may participate in all or a portion of the Committee's discussions of the Related Party Transaction if requested by the Chair of the Committee (or any another member of the Committee if the Chair has a potential interest in the Related Party Transaction at issue).

To review a Related Party Transaction, the Committee will be provided with all relevant material information of the Related Party Transaction, including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party, and any other relevant matters. In determining whether to approve or ratify a Related Party Transaction, the Committee will consider the following factors, among others, to the extent relevant to the Related Party Transaction:

- Whether the terms of the Related Party Transaction are fair to the Company and would apply on the same basis if the transaction did not involve a Related Party;
- Whether there are any compelling business reasons for the Company to enter into the Related Party Transaction, and the nature of alternative transactions, if any;
- Whether the Related Party Transaction would impair the independence of an otherwise independent Director or Director Nominee;
- Whether the Company was notified about the Related Party Transaction before its commencement and if not, why pre-approval was not sought and whether subsequent ratification would be detrimental to the Company; and
- Whether the Related Party Transaction would present an improper conflict of interest for the Related Party, taking into account the size of the transaction, the overall financial position of the Related Party, the direct or indirect nature of the Related Party's interest in the transaction, the ongoing nature of any proposed relationship between the Company and the Related Party, and any other factors deemed relevant.

In any case where the Committee determines not to ratify a Related Party Transaction that has been commenced without approval, the Committee may direct additional actions, including but not limited to immediate discontinuation or rescission of the transaction, or modification of the transaction to make it acceptable for ratification. In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.

If the Committee or its Chair determines that a Related Party Transaction should be brought before the the full Board, or if the full Board in any case elects, *sua sponte*, to review any such matter, then the considerations set forth above shall apply to the full Board's review of the matter, with such modification as may be appropriate under the circumstances.

### **Policy Interpretation and Updates**

The General Counsel's Office is responsible for interpreting and updating this policy as required. The General Counsel's Office may authorize variations in the procedures set forth in this policy, provided that those variations

are consistent with the general purpose of this policy and applicable securities laws. Any such variations must be confirmed in writing with the Committee Chair.

**Policy Amendments**

Any material amendment to the terms of this policy must be approved by the Committee. However, the General Counsel's Office shall have the authority to adopt, approve, and implement any immaterial or administrative amendments or modifications to this policy. Any such amendments shall be reported to the Committee at the meeting next succeeding the General Counsel Office's approval and adoption of same.