

CRAFT BREW ALLIANCE, INC.
COMPENSATION COMMITTEE CHARTER

Purposes

The Compensation Committee (the “Committee”) is appointed by the Board of Directors (the “Board”) of Craft Brew Alliance, Inc. (the “Company”), to assist the Board with respect to:

- determining the compensation of the Company’s Chief Executive Officer (“CEO”) and other members of senior management identified in item 4 below (each, including the CEO, a “senior executive”)
- recommending to the Board the amount and type of compensation for non-employee directors;
- administering the Company’s cash incentive program for senior executives and its equity-based compensation plans for directors, employees and consultants;
- reviewing and recommending to the Board other compensation programs as it deems appropriate; and
- reviewing, discussing with management and approving as required disclosures regarding compensation in the Company’s proxy statements.

Committee Membership

The Committee shall consist of at least two members of the Board. The Board will appoint Committee members and the Committee chair on an annual basis, as soon as is practical following the annual meeting of shareholders. A director may serve on the Committee only if the Board determines that the individual:

1. is a “Non-Employee Director” for purposes of Rule 16b-3 under the Securities Exchange Act of 1934, as amended (the “1934 Act”);
2. satisfies the requirements of an “outside director” for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended; and
3. is “independent” as that term is defined by the rules of the Securities and Exchange Commission (“SEC”) and the listing standards in Rule 5605(a)(2) and Rule 5605(d)(2)(A) of The Nasdaq Stock Market LLC.

In determining that a member of the Committee is independent, the Board must consider all factors relevant to whether the director has a relationship to the Company that is material to his or her ability to be independent from management in connection with the duties of a Committee member, including, but not limited to:

- A. whether the source of compensation of such director, including any consulting, advisory or other compensatory fee paid by the Company to the director, would

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impair the director's ability to make independent judgments about the Company's executive compensation; and

- B. whether the director's relationship with the Company, or a subsidiary or an affiliate of a subsidiary of the Company, places the director under the direct or indirect control of the Company or its senior management, or creates a direct relationship between the director and members of senior management, such that the director's ability to make independent judgments about the Company's executive compensation would be impaired.

The Board may remove or replace any member of the Committee from time to time in its discretion. The Committee shall have the authority to delegate any of its responsibilities to subcommittees as the Committee may deem appropriate, provided the subcommittees are composed entirely of independent directors.

The Board may also appoint a non-independent Board member as an observer to the Committee in a non-voting capacity if required pursuant to the Company's contractual obligations.

Meetings

The Committee shall meet as often as its members deem necessary to perform the Committee's responsibilities. When necessary, the Committee shall meet in executive session without the presence of any senior management of the Company. The CEO may not be present during deliberations or voting on the CEO's compensation. The Committee shall promptly inform the Board of the actions taken or issues discussed at its meetings, generally at the next regular Board meeting following a Committee meeting.

Committee Authority and Responsibilities

In furtherance of its purposes, the Committee shall have the following authority and responsibilities:

1. Periodically evaluate the overall performance of the CEO.
2. Establish corporate and individual performance goals and objectives relevant to compensation of the CEO and evaluate the CEO's performance in light of those goals and objectives.
3. Determine and report to the Board the salary and other compensation of the CEO.
4. After reviewing the applicable recommendations of the CEO, review and approve the compensation of each employee other than the CEO (each, a "senior executive"):

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- a. who is an “officer” within the meaning of Section 16 of the 1934 Act or an “executive officer” for purposes of Item 401(b) of Regulation S-K; or
 - b. whose compensation is required to be reported in the Company’s annual report on Form 10-K or proxy statement.
5. In consultation with the CEO, review and approve corporate and individual performance goals and objectives for the other senior executives, and evaluate their performance in light of those goals and objectives.
 6. Determine and report to the Board the salary and other compensation of the other senior executives.
 7. In consultation with the CEO, evaluate and approve or disapprove the proposed appointment of each senior executive prior to his or her hire, and report the Committee’s approval or disapproval of such appointment to the Board.
 8. Annually review and make recommendations to the Board with respect to non-employee director compensation and benefits.
 9. Make recommendations to the Board regarding adoption of, or any material change to, any equity-based compensation plan or cash incentive program of the Company applicable to the CEO or other senior executives.
 10. Administer the Company’s equity-based compensation plans, including the review and grant of stock options and other equity-based grants to the Company’s employees, directors and consultants.
 11. Review material perquisites and related benefits applicable to the CEO and other senior executives.
 12. Review and approve proposed severance packages for senior executives.
 13. To the extent Board action is required by applicable law or regulation or the terms of existing plans, approve changes in any 401(k), pension or deferred compensation plan of the Company, and recommend such changes to the Board. With respect to plans subject to the requirements of the Employee Retirement Income Security Act of 1974, as amended, the Committee exercises its authority only as it relates to the function of a plan settlor and not fiduciary.
 14. Review and discuss with management disclosure regarding compensation of executive officers and directors and the Company’s compensation consultants in the Company’s proxy statement, including the disclosure under the heading “Compensation Discussion and Analysis.”

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15. Assist management in evaluating whether the Company's compensation arrangements for senior executives incentivize unnecessary or excessive risk-taking.
16. Review annually the Committee's compensation consultants and other outside advisers and assess whether any conflicts of interest have arisen that require disclosure in the Company's proxy statement.
17. Direct the preparation of the compensation committee report for inclusion in the Company's annual proxy statement or Form 10-K in accordance with applicable SEC rules.
18. Direct the preparation, if applicable, of any other disclosures regarding executive compensation required to be included in the Company's annual proxy statement.
19. At such times as required by applicable SEC rules, consider and recommend to the Board the holding of advisory votes on executive compensation, including the recommendation to shareholders regarding frequency of an advisory vote on approval of the Company's executive compensation, as well as the implications of the results of such shareholder votes on the Company's executive compensation program.
20. Review and evaluate shareholder proposals, if any, relating to executive or director compensation.
21. Consider and make recommendations to the Board as appropriate with respect to establishing and implementing policies regarding claw-back of executive compensation.
22. Review and assess at least annually the adequacy of this Charter and its own performance in relationship to the Charter and recommend any proposed changes to the Board for approval.

In determining any long-term incentive component of the compensation of the CEO and other senior executives, the Committee will take into account, to the extent it deems appropriate (a) the Company's operating and financial performance and relative shareholder return, (b) the value of similar incentive awards to chief executive officers and senior management at comparable companies, and (c) other long-term incentive awards received by these individuals in past years.

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Retention of Compensation Consultants, Legal Counsel and Other Advisers

The Committee, in its sole discretion, may retain or obtain the advice of a compensation consultant, legal counsel, or other adviser as the Committee determines is necessary or appropriate to assist in the evaluation of director, CEO or senior executive compensation and in carrying out its duties. The Committee will be directly responsible for the appointment, compensation, and oversight of the work of any such compensation consultant, legal counsel or adviser retained by the Committee. The Company will provide for appropriate funding, as determined by the Committee, for the payment of reasonable compensation to any compensation consultant, legal counsel or other adviser retained by the Committee.

Before the Committee selects, or receives advice from, any compensation consultant, legal counsel, or other adviser, the Committee must take into consideration the following factors:

1. The provision of other services to the Company by the firm that employs the compensation consultant, legal counsel, or other adviser;
2. The amount of fees paid by the Company to the firm that employs the compensation consultant, legal counsel, or other adviser, as a percentage of the firm's total revenues;
3. The extent to which the firm that employs the compensation consultant, legal counsel, or other adviser has adopted policies and procedures designed to prevent conflicts of interest;
4. Any business or personal relationship of the compensation consultant, legal counsel, or other adviser with a member of the Committee;
5. Any stock of the Company owned by the compensation consultant, legal counsel, or other adviser; and
6. Any business or personal relationship of the compensation consultant, legal counsel, or other adviser or the firm employing the adviser with a senior executive of the Company.

The foregoing provisions require that the Committee conduct an independence assessment with respect to any compensation consultant, legal counsel, or other adviser that provides advice to the Committee (except for (a) in-house legal counsel and (b) advisers whose advice is limited to (x) information regarding broad-based plans that do not discriminate in scope, terms or operation in favor of senior executives or directors of the Company and (y) advice that is not customized for the Company or is based on parameters that were not developed by the adviser), but do not require that the adviser selected by the Committee in fact be independent. In addition, the foregoing provisions do not require the Committee to implement or act consistently with the advice of any adviser selected by the Committee and do not affect the Committee's ability or obligation to exercise its own judgment in fulfilling its duties.

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