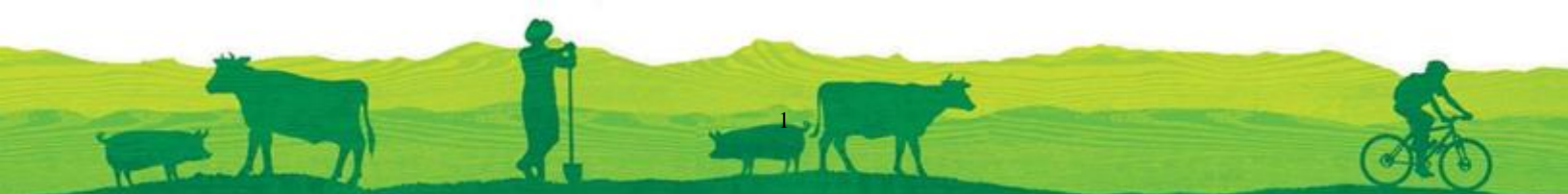


VERMONT SMOKE & CURE™

Better Meat for All.™

2017 Annual Benefit Corporation Report





Leadership Statements

“In our third year as a Vermont Benefit Corporation, the team at Vermont Smoke & Cure continues to take great pride in our efforts and achievements as we strive to attain increasingly high standards in environmental responsibility, product quality, employee ownership, compensation and benefits and community engagement. We have prepared the following benefit report to highlight our efforts and accomplishments over the past year and to provide insight into our future goals and objectives as we apply our principles in building a profitable, socially responsible, sustainable business.”

Chris Bailey, Founder & Chairman

“As Benefit Director for Vermont Smoke & Cure, it is my opinion that the company acted in accordance with its general benefit purpose during Fiscal Year 2017 and that the directors and officers acted in accordance with Benefit Corporation standards of conduct. I am proud of the efforts made by the Company and its Board this year and look forward to further progress in the years to come.”

Chuck Lacy, Benefit Director

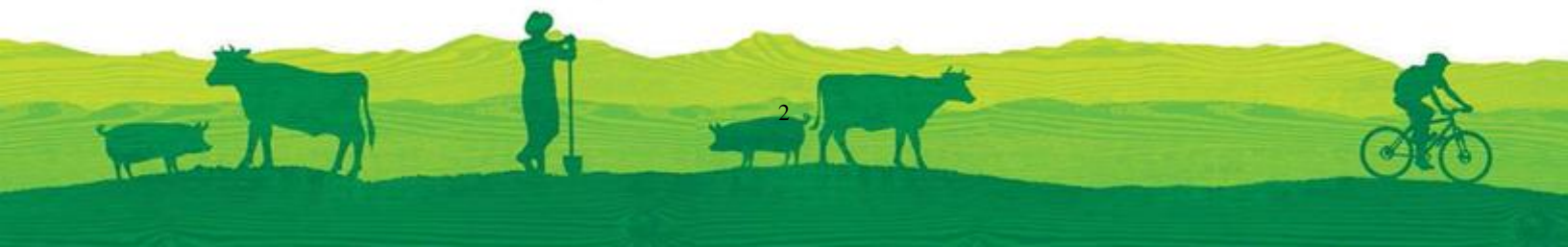




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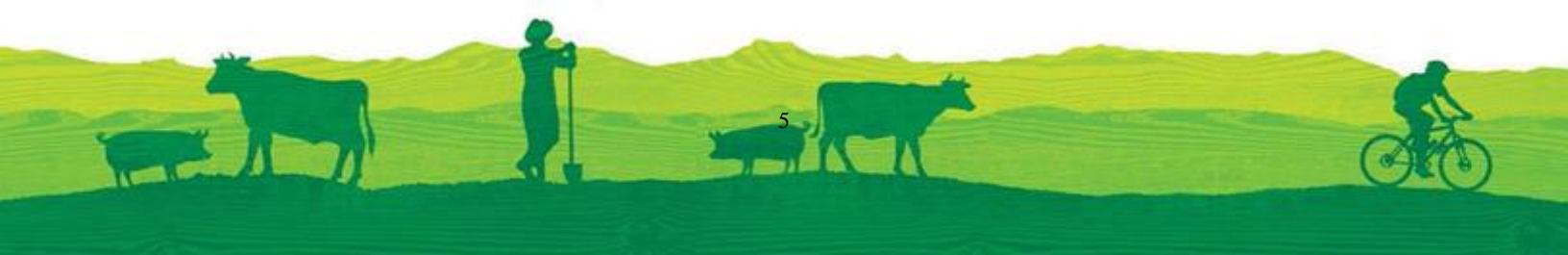
2017: The Year in Review

Vermont Smoke & Cure during 2017 continued to improve in most of the areas of our specific public benefits as we carried out annual plans to further implement our commitment to creating not only a successful, profitable business, but also meeting our own internal standards of sustainability, accountability and leadership. The year saw the continued development of an increasingly competitive landscape in the meat snack and meat product categories, with smaller brands acquired by larger industrial agribusiness, continued moves by vertically integrated major food companies into the categories we helped create and more meat snack competitors selling meat sticks in addition to jerky. To maintain our competitive edge in shelf stable meats, during 2017 we further focused our efforts and exited our refrigerated meats lines of business. This product line shift helped some of our specific benefit metrics to improve and caused some to decline. During this period of change, we continued to focus our efforts to use our commitment to a more responsible way of doing business as a competitive advantage, and to fill the role of category leader concerning product quality, integrity and community accountability: to make the meat business better.

Vermont Smoke & Cure continued as a B-Corp during 2017 and participated in several B-Corp events put on by regional groups of B-Corp partners and by peer companies. In May 2016, Vermont Smoke & Cure was certified by B-Lab® as a B-Corp®. The B-Corp certification signifies that the Company meets “the highest standards of verified social and environmental performance, public transparency and legal accountability, and aspire(s) to use the power of markets to solve social and environmental problems.” (www.bcorporation.net). In addition to the broad set of criteria considered by the B-Corp assessment, this certification publicly recognizes the Company’s work to preserve and increase market access for Vermont and regional farmers through our processing services and purchases, employee ownership culture,

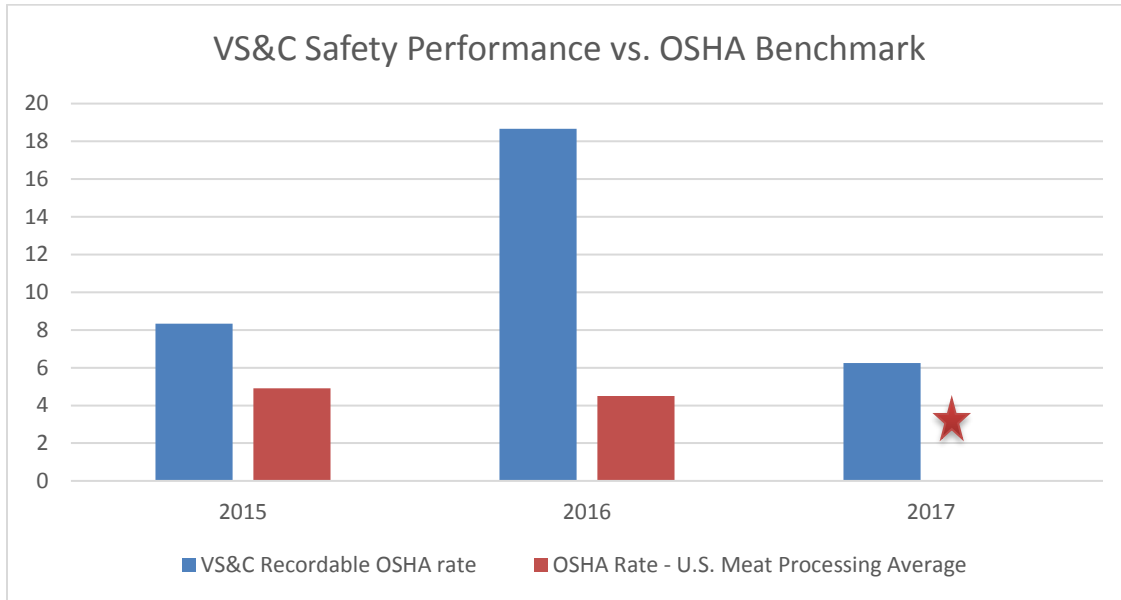
improvements to pay and benefits, and efforts to minimize the environmental impact of our business operations.

The following report highlights the Company's achievements in 2017 and further addresses the challenges ahead as we strive to reach ever-higher standards in each of our specifically defined benefit objectives.



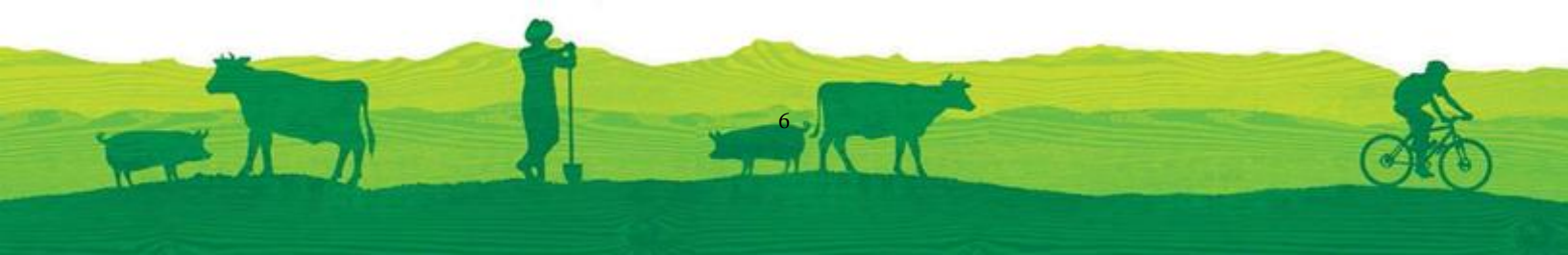
Workplace Safety

Although employee safety isn't listed as a specific public benefit as part of our Vermont Benefit Corporation charter, it is our top priority in our operation.



The star indicates that OSHA has not yet released the 2017 average rates.

As a result of the implementation of heightened safety programming and related training, Vermont Smoke & Cure completed 2017 with a >65% improved OSHA recordable rate vs. 2016, and a 25% improvement vs. 2015. We continue to develop and implement robust training programs and policies concerning worker conduct, equipment operation and environmental controls, and strive for continuous improvement in these areas. Programs that started during 2016 to increase awareness of safety and ergonomics, and further build a safety culture, led to the 2017 improvements. None of the injuries have been life-threatening or resulted in permanent injury or disability.



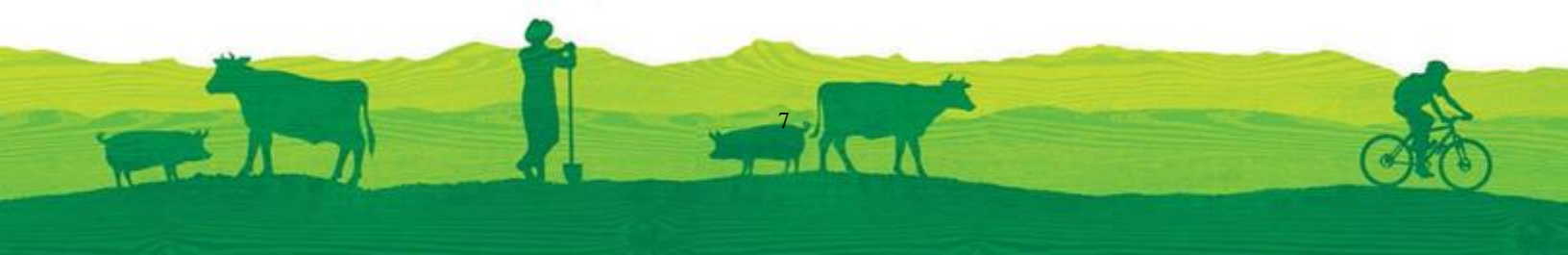
Our Employee Owners

Mission: *Vermont Smoke & Cure strives to be a respected and desirable employer: creating an ownership culture in which all full-time employees receive and maintain a direct ownership interest in the business and participate in the creation of enterprise value through the Company's employee stock option plan.*

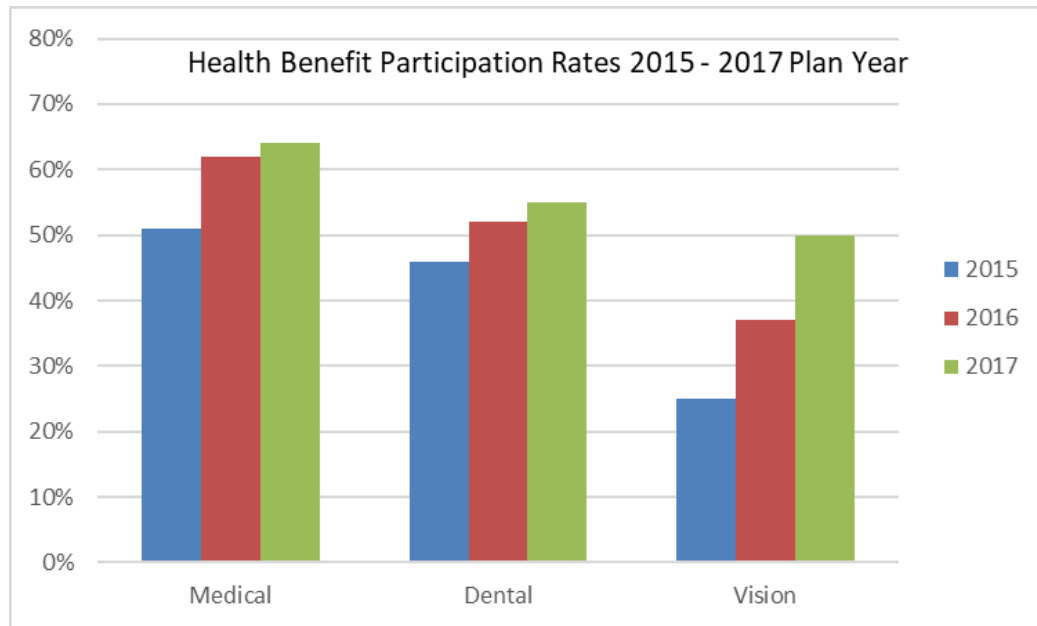
During 2017, the Company continued to offer a full and comprehensive suite of employee benefits, which include medical, dental, vision and Employee Assistant Programs (EAP). Three additional voluntary insurance programs were offered to employees, including Voluntary Life, Accident and Critical Illness. Each of these benefits and programs are offered in a professional manufacturing environment focused intensely on employee safety in which all functions of the business strive to meet the highest standards in work place satisfaction and worker productivity. In 2016, the Company continued to offer a locally grown vegetable benefit, with subsidized shares in a community supported agriculture (CSA) offering from a nearby farm to employees earning under \$20.00 per hour and a payroll deduction option for all employees for CSA shares.

Health Insurance

Based upon employee eligibility (*i.e.*, “full time employees,” defined as 30 weekly hours or more), the Company's health and wellness program participation rates have grown each year since 2015 in all areas of coverage. Details are as follows:



Health Plan Participation Rates

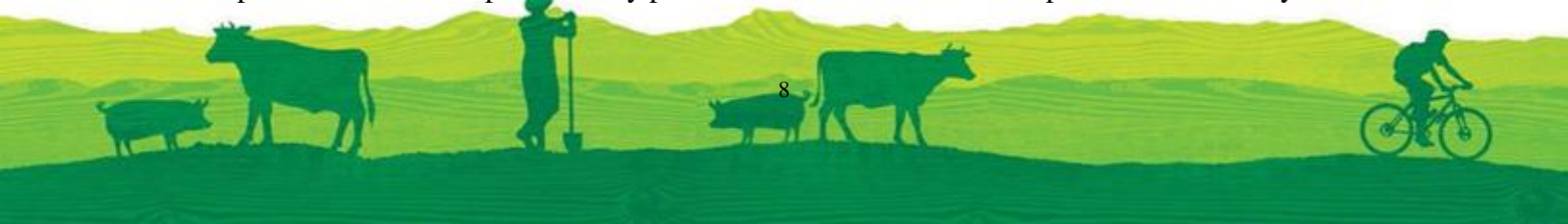


Vermont Smoke & Cure continued to offer an Open Access High Deductible Medical Plan with Health Reimbursement Arrangement (HRA) combination, which moved during 2017 to Blue Cross Blue Shield of Vermont and implements a progressive cost sharing program whereby lower income participant have a lower monthly cost than higher income participants.

The Company's Delta Dental Preferred Plan includes 100% Diagnostic/Preventative coverage with no deductible or waiting period. Basic, Major and Orthodontics are also covered with varying deductibles, copay % and waiting periods. VSP Vision Care provides low out-of-pocket costs, high quality vision care options, choice of providers and discount eyewear benefits.

Company Ownership

The Company continues to issue stock option awards to each of its full-time employees under the terms of its Employee Stock Option Plan (the "Plan"). Under the Plan, we expect that all of our full-time employees will become holders of stock options within 6 months after the completion of a defined probationary period. Our culture of ownership and accountability



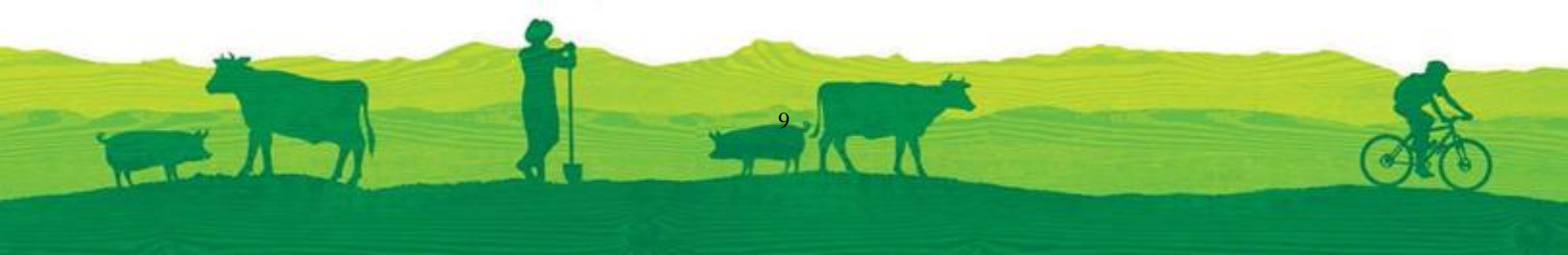
incentivizes our team of employee-owners to understand and appreciate the high degree of importance and value ascribed to every function of our business operations. Our production line workers, officer personnel, marketing, sales, finance and operations teams, together with our executive leadership group, all have been granted the opportunity to own a direct interest in our enterprise through options issued under the Plan, uniting and aligning our entire team in such a way as to drive the business forward under a common purpose for the benefit of all of members.

Currently, 100% of our employees have been granted options and have a direct stake in the enterprise value of the business.

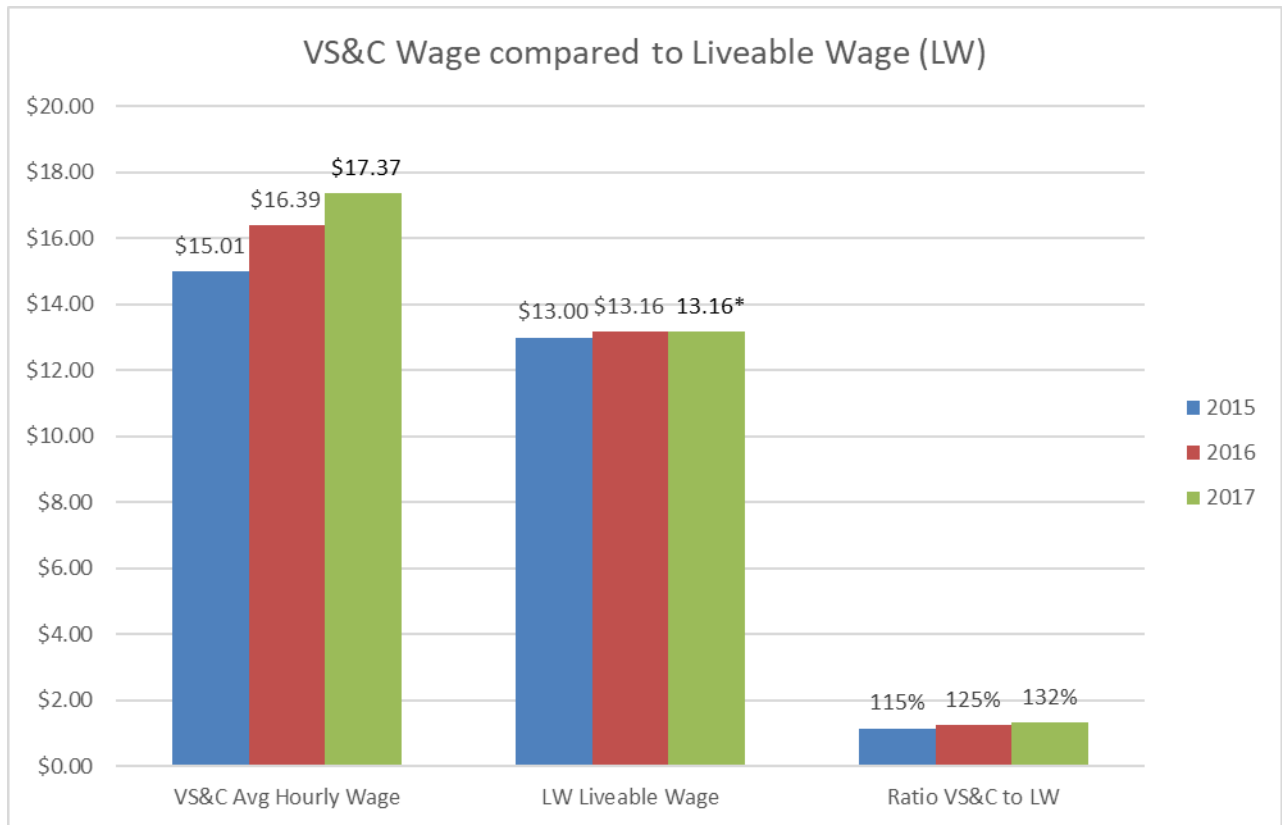
Liveable Wage

During 2017, Vermont Smoke & Cure continued to pay wages above the Vermont living wage (determined most recently in 2016 by the Vermont Legislative Joint Fiscal Office) of \$13.16 per hour for all employees post initial training period. Production employees can take up to 6 months to reach the “trained, operator” base rate of \$14.00/hr. The average rate of pay for production employees in 2017 was \$17.37 per hour, an increase of \$1.02 from 2016. The average rate of pay for production employees in 2015 was \$15.01 per hour.

The change in product range away from refrigerated meats led to a layoff of nine employees. Vermont Smoke & Cure proactively sought out other potential employers and worked with the State of Vermont to help place the laid off staff before their last day of work at Vermont Smoke & Cure, resulting in a 100% placement rate.



Production Employees Average Wage Comparison to Livable Wage Standard



As of 3/18/18, the state of Vermont has not published an updated 2017 Livable Wage

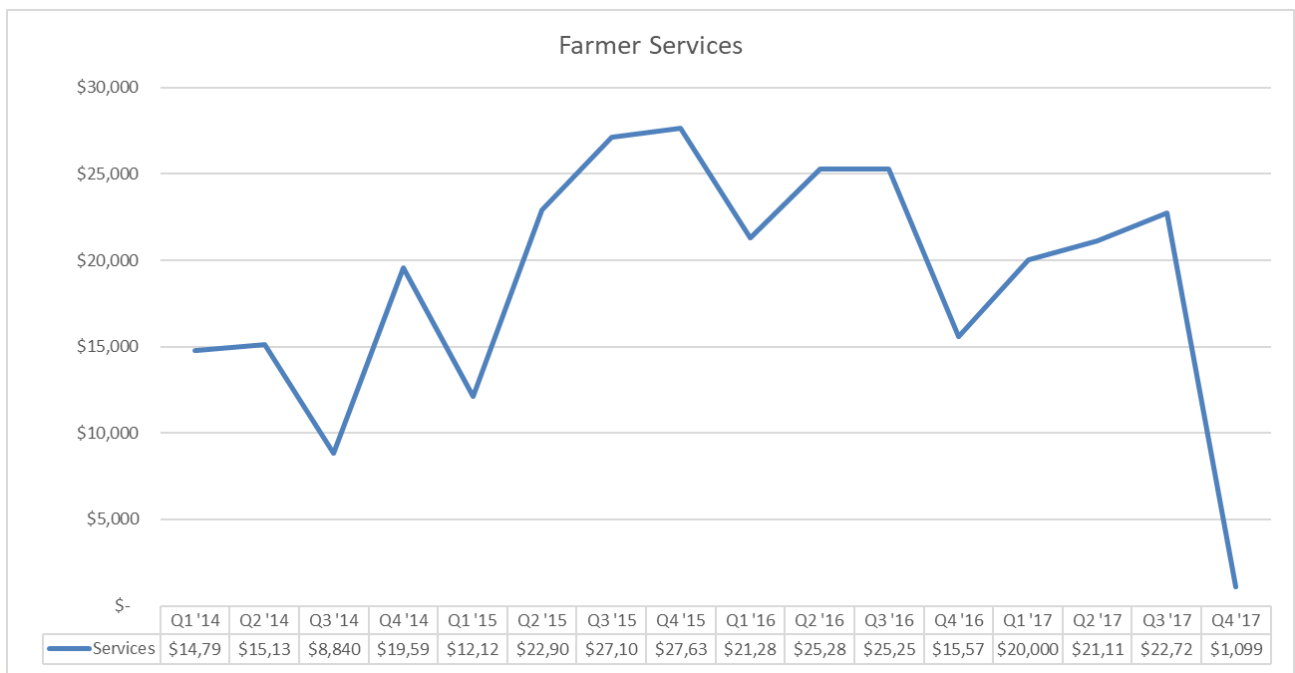
Our Community Connection

Mission: Vermont Smoke & Cure is committed to creating economic opportunities and promoting family-scale farms in Vermont and its surrounding region by offering commercial meat processing services to farmers at competitive prices.

Vermont Smoke & Cure provides state-of-the-art processing services to small and family-scale farms in Vermont and nearby states, enabling them to participate and compete in local and regional markets for their products. Because the availability of these types of processing services is limited for these producers (especially for capital-intensive items such as individually packaged smoked meat snack sticks), our meat processing services permit these

small-scale farms to develop, market and sell top-quality products manufactured to the highest standards, and individually branded and packaged to be competitive in broader markets and retail locations.

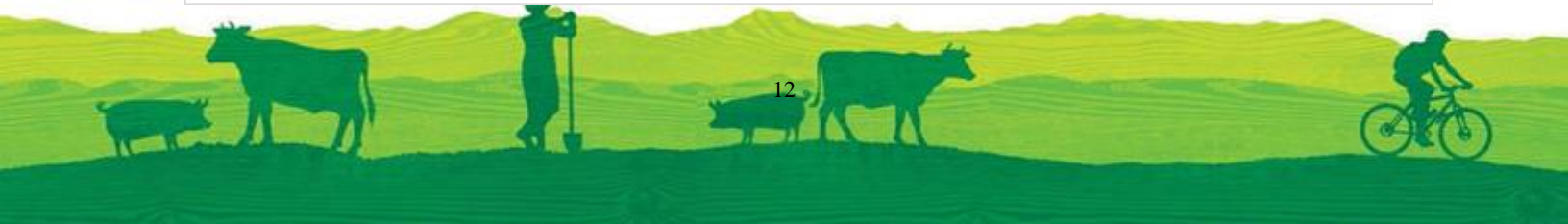
In Q3 of 2017, Vermont Smoke & Cure exited production and sales of refrigerated meats (bacon, ham, sausages). Because we no longer were making these items, and in most cases then sold the production equipment, we were no longer able to make these items for farmers. Bacon was the most popular item for farmers services and so the dollar volume of services fell significantly. Production by the Company of meat sticks and summer sausages for farmers as a service continues, and we expect to grow the number of farms and volume of these services provided during 2018. In addition, during 2018, Vermont Smoke & Cure will launch 100% grass fed meat sticks in new flavors and will offer these flavors as options to farmers. As a result, for the first time we will be able to provide “100% grass fed” labeling to farmers whose meats qualify.



Vermont Smoke & Cure provided services to more than 25 local farms selling at farmers markets, CSAs, restaurants, retail stores and via home delivery.

Mission: Vermont Smoke & Cure actively promotes businesses and family-scale farms based in Vermont and its surrounding region (New York - New England - Quebec) by continuously seeking to increase the Company's sourcing of local ingredients and materials from regional vendors.

Vermont Smoke & Cure works to proactively source high quality ingredients grown and processed locally and regionally. The Company continues to work to increase the scope of regionally and locally sourced ingredients for its products. During 2017, The Company purchased seven individual ingredients for its product portfolio (i.e., beef, pork, cheese, maple syrup, maple sugar, apple cider and honey) from eight different regional and local farms or aggregators, including duBreton, Pineland Farms, Champlain Orchards, Cold Hollow Cider, Citizen Cider, Sweet Retreat, Butternut Mountain Farm and Champlain Valley Apiaries. In addition, three regional vendors provide non-ingredient production materials or services.



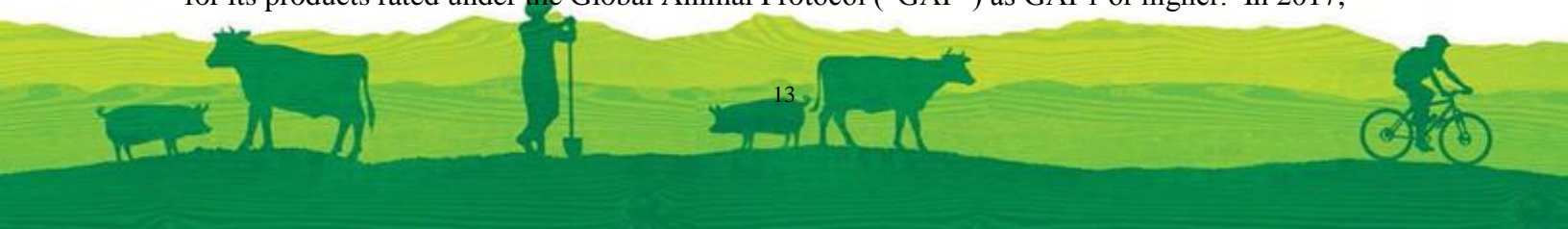
Mission: Vermont Smoke & Cure is committed to maintaining a primary and permanent office and manufacturing presence in the State of Vermont.

Vermont Smoke & Cure continues to maintain its home office and carry out all manufacturing in its Hinesburg, VT facility. The Company continued the popular, condensed manufacturing work schedule of 4 days per week and 10 hours per day to build the shift structure for its production lines to support a 24 hour/7-day schedule. This schedule benefits employees by providing better work/life balance. This initiative also reduces commuting needs and commitments by 20% across our manufacturing workforce, which has a favorable impact on carbon emissions.

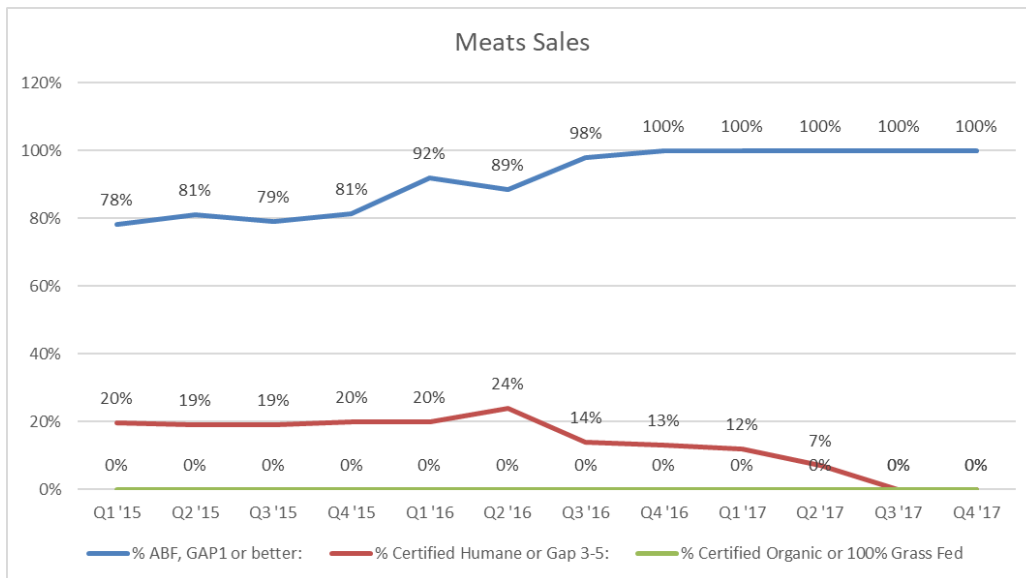
Our Product Standards

Mission: Vermont Smoke & Cure strives to promote consumer awareness concerning the importance and advantages of buying meats (a) that are healthier for human consumption, (b) produced using humane practices, (c) that support and are financially viable for local and regional family-scale farmers and (d) that have a lower environmental impact.

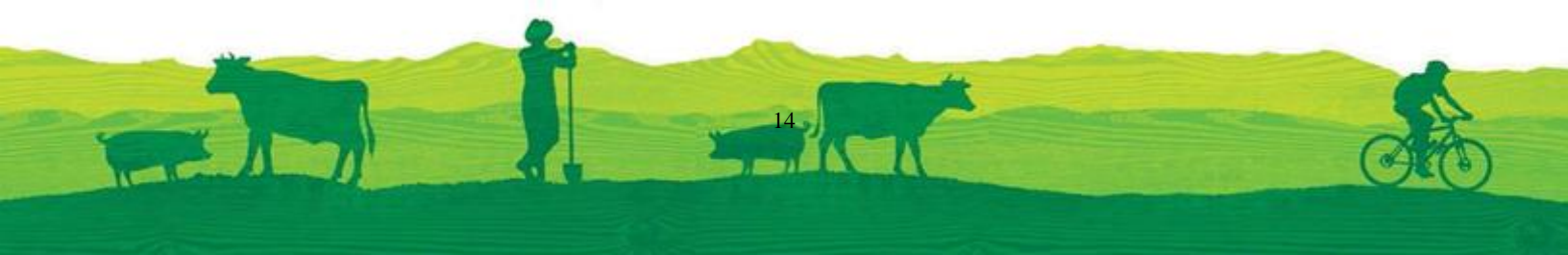
Vermont Smoke & Cure continues to implement this fundamental product philosophy through a commitment to sourcing meats raised without antibiotics or added hormones, and containing other high quality, natural ingredients so that we can offer consumers healthier and better alternatives to leading competitive products in our categories, many of which use artificial preservatives, fillers and other questionable ingredients. Vermont Smoke & Cure actively seeks to purchase meats raised and certified by either the Global Animal Partnership® or the Humane Farm Animal Care® (“HFAC”) certification programs; each an independent, third-party organization that performs on-site audits on farms, slaughter facilities and further processing plants. The Company continues to seek opportunities to increase the purchase of meats procured for its products rated under the Global Animal Protocol (“GAP”) as GAP1 or higher. In 2017,



the Company continued to purchase all of the meat for our products raised without antibiotics, vegetarian fed, raised without added hormones. Due to the elimination of bacon and ham, which exclusively used Certified Humane pork, our purchases of meats with that certification have ended. No other sources with that certification have been identified that meet needs defined for ongoing products. During 2018, Vermont Smoke & Cure will start to purchase 100% grass-fed beef, rated GAP Level 4, for new 100% grass fed beef sticks. We expect demand will be strong for these delicious and healthy beef sticks.



Our commitment to better-for-the-customer products is also reflected in our recipes and product attributes. For example, our meat sticks deliver 40% less sodium and 45% less fat than other leading snack sticks.



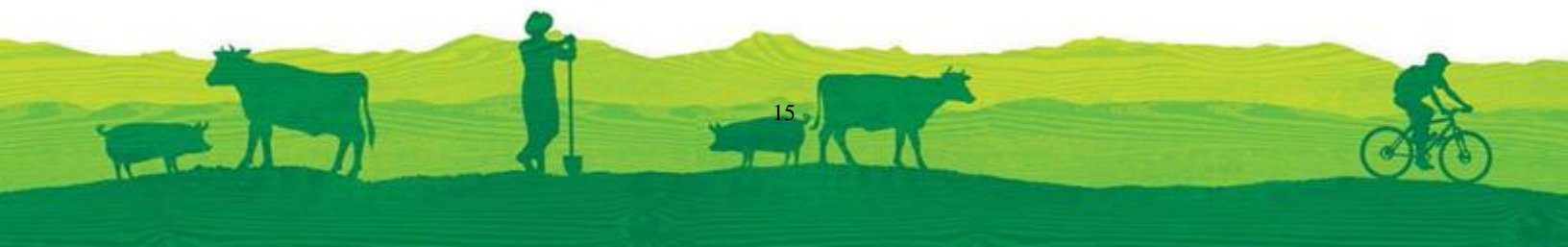


Per 1 oz serving	Original Cracked Pepper Beef & Pork Stick	Original Snack Stick	Original Beef Stick	Original Smokehouse Beef & Pork Stick	More Than Just Original Beef Stick	Classic Beef Stick	Sesame Garlic Beef Stick	Original Beef Stick
MEATS RAISED WITHOUT ANTIBIOTICS	✓	X	X	X	✓	✓	X	✓
MEATS VEGETARIAN FED	✓	X	X	X	✓	✓	X	✓
NO NITRITES OR NITRATES ADDED	✓	X	X	✓	✓	✓	✓	✓
NO PRESERVATIVES OR ALLERGENS	✓	Soy, Wheat	Soy	✓	Soy	✓	Soy	✓
# of Ingredients	9	19	17	10	10	11	13	12
Calories	80	140	133	100	90	90	100	90
Sugar	0g	1g	1g	1g	2g	1g	3g	2g
Carbs	0g	4g	2g	2g	3g	2g	4g	3g
Fat	6g	11g	10g	7g	5g	6g	6g	6g
Sodium	230mg	480mg	500mg	370mg	300mg	200mg	260mg	220mg
	UPC: 0 36200 17188 3 BB 02/18/18	UPC: 0 17082 89006 1 BB 08/21/17	UPC: 40858959005366 BB 01/05/18	UPC: 8 12353 02113 3 BB 02/06/18	UPC: 8 52675 00602 9 BB 08/22/17	UPC: 8 15296 02047 8 BB 10/10/17	UPC: 8 54966 00557 5 BB 11/13/17	

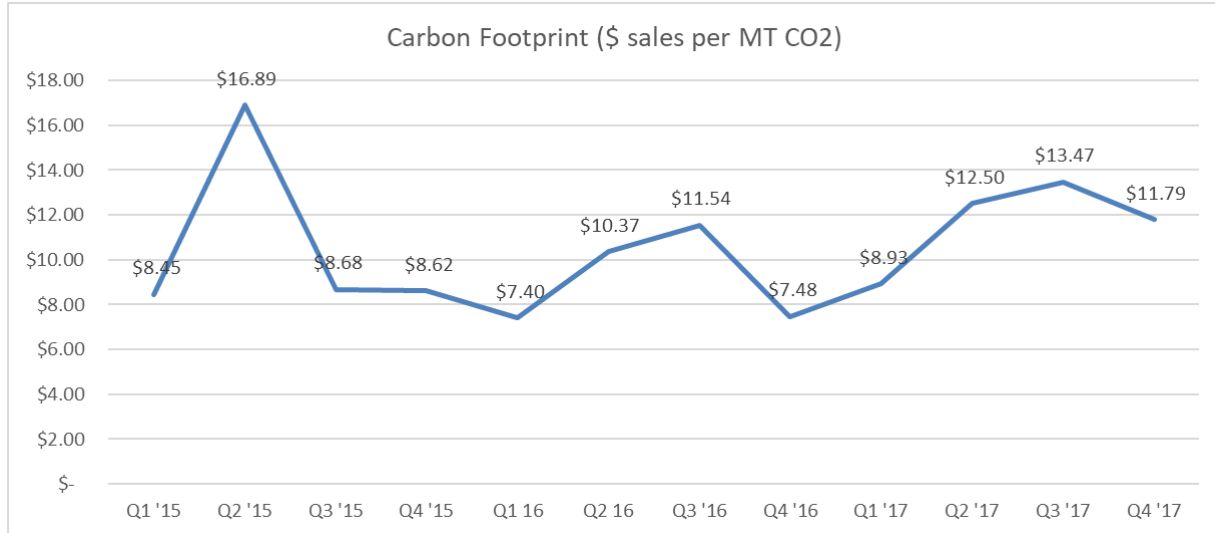
Our Environmental Commitment

Mission: Vermont Smoke & Cure continuously explores and implements commercially reasonable methods and solutions to minimize its consumption of natural resources and the overall environmental impact of the Company’s processing and business operations.

Vermont Smoke & Cure tracks and records information regarding the acquisition, utilization and efficiency rates concerning its use of natural resources and raw materials. It is actively engaged in an ongoing and broad-based program of continuous improvement in energy efficiency and reduction, and provides training and encouragement to its entire workforce regarding conserving energy, and solid waste reduction and recycling. Vermont Smoke & Cure partners with suppliers of sustainable energy technologies, services and products, and is committed to operating a successful manufacturing business that minimizes its impact on the



surrounding natural environment.



Energy

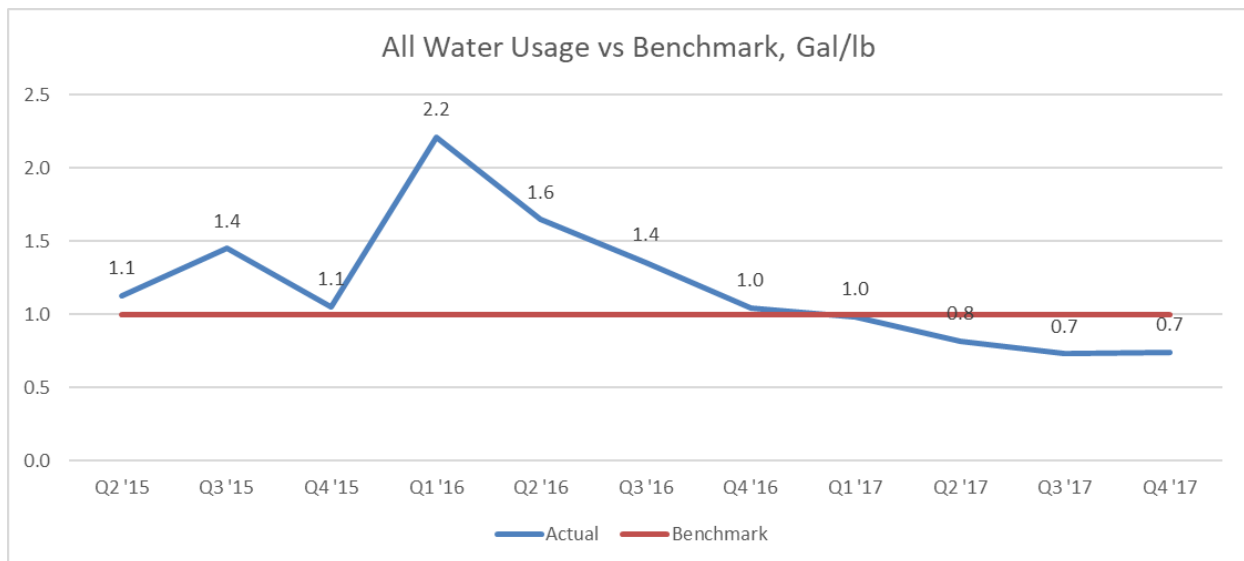
More than 60% of electric power used by the Company during 2017 came from solar power generated in Vermont, all within sixty miles of our facility. All renewable energy credits (REC's) are retired with the Company's purchase of this solar power. The Company uses high-efficiency smokers that further reduce our energy requirements by more than 10% compared to conventional equipment. With the end of processing refrigerated meats, the Company was able to turn off a refrigerated finished goods cooler and focus cleaning operations on two lines daily as opposed to three or four before the change, saving significant amounts of hot water.

During 2017, the \$ sold vs metric ton of CO₂ reached its highest level since the 2015 production space expansion. This improvement came from actions such as reducing the flow of hot water cleaning hoses and changing automatic light settings. Changes during Q3 related to the product mix change away from refrigerated meats, including turning off the finished goods cooler and reducing the area and equipment needing to be cleaned each day, helped further reduce energy use. As production volume continues to grow, the Company expects that the dollar sales per metric ton (MT) CO₂ ratio will continue to improve.



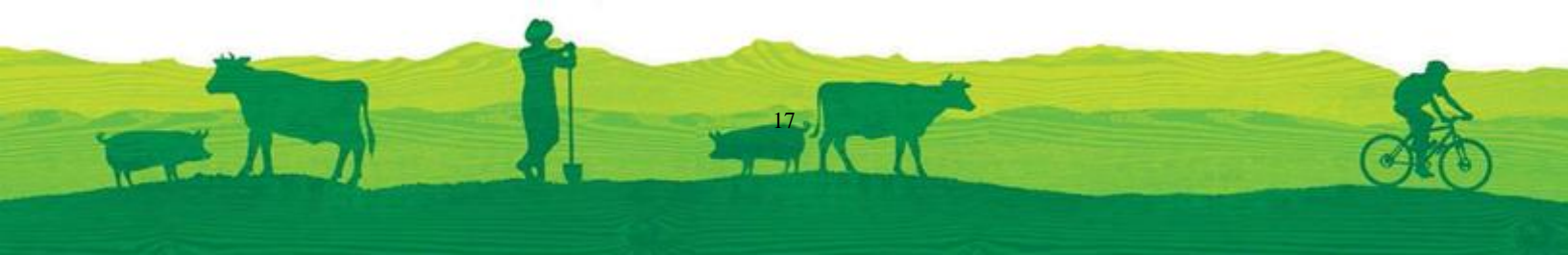
Water

Vermont Smoke & Cure continues to improve in its water efficiency, and in 2017 reached the best rates seen yet. The move away from making refrigerated meats contributed to this, with savings from reduced need for cleaning operations and water-intensive equipment usage. In addition, the production team undertook a study of water usage and carried out a cost-efficient plan to reduce usage during the greatest use of water, cleaning of daily production space and equipment. As a result, the Company had already achieved record water efficiency before the product mix change.



Packaging, Recyclable Materials and Solid Waste

Vermont Smoke & Cure continues to improve in our solid waste production efficiency, creating less with each dollar sold, and using increasing amounts of packaging that is recycled or recyclable.



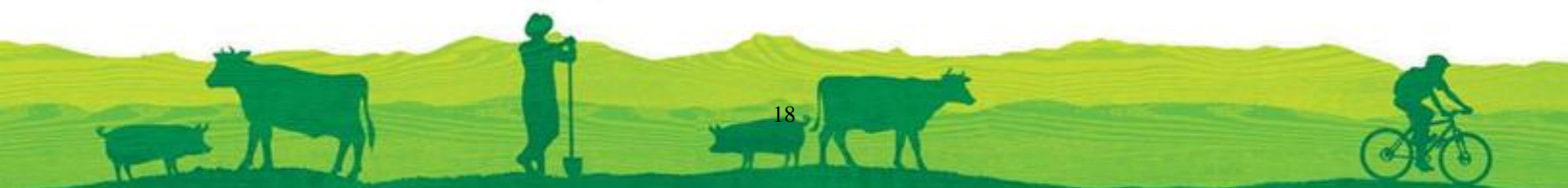
Solid Waste Progress	2016	2017	Improvement
Revenue \$ per lb. of solid waste	\$72.96	\$160.91	221%
Packaging mass pounds per \$ revenue	0.134	0.089	-33%
% of packaging mass that is >30% recycled content	68%	82%	120%
% of packaging mass that is recyclable: 73%	73%	82%	112%

2017 Goals

Vermont Smoke & Cure takes pride in its accomplishments toward creating demonstrable benefits for our community, employees and environment. Our leadership team, board of directors and team of employee-owners have embraced the idea that Vermont Smoke & Cure will continue to commit its efforts to ensuring that it not only creates value for shareholders, but also leaves a positive impact upon the commercial landscape in which it competes and the society in which it operates. Guided by these principles, Vermont Smoke & Cure works to achieve the following goals in 2018 and beyond:

- Continue to ensure 100% employee ownership in the business.
- Continue to ensure 100% of employees are at or above earning a living wage.
- Continue to provide and expand our offerings with regard to a comprehensive benefits program for all employees including Medical, Dental & Vision.
- Continue to process meats as a service for local and regional farmers for all items that are produced by the Company.
- Continue to explore and expand our procurement of ingredients from regional and local suppliers where feasible.
- Continue to understand, analyze and improve the Company's energy and water usage and implement comprehensive programs to drive reduction and efficiencies.

We look forward to reporting our progress in a year.



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