

GROWING A BETTER TOMORROW

2022 SUSTAINABILITY REPORT



A MESSAGE FROM OUR CEO

Blue Diamond Growers is rooted in legacy and helping grow a better tomorrow.

Since our founding in 1910, Blue Diamond has been committed to bringing the highest-quality, innovative almond products to the world. As a nonprofit cooperative located in the Central Valley of California, Blue Diamond is wholly owned by roughly 3,000 mostly small, multigenerational growers.

Our approach to business growth has evolved to integrate sustainability into our core practices, as we believe it is an essential element of Blue Diamond's commitments to excellence, innovation and quality. As we continue to expand globally, Blue Diamond remains grounded in the principles that have made us the trusted brand we are today — building strong relationships with our growers and customers, communicating directly and honestly, and working as a team to realize the greatest impact from our efforts.

In this inaugural Sustainability Report, we are excited to share what our cooperative has learned and accomplished together over the years. We achieved strong grower participation in our Orchard Stewardship Incentive Program (OSIP), which is designed to encourage growers to continually learn, assess and enhance their sustainable growing practices. We have developed leadership committees that will guide our sustainability and community-focused efforts and continue to leverage the expertise of our growers and employees to accelerate efforts across all areas of business as we plan for the future.

Blue Diamond remains committed to bringing the benefits of almonds to the world in a way that enhances our environment and communities. Our efforts and investments today are enabling us to grow a better tomorrow. We are proud of our efforts to date and excited about what is ahead.

Thank you for continuing to grow along with us.

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Mark D. Jansen

President and CEO of Blue Diamond Growers October 2022

ABOUT Blue Diamond Growers Leading sustainability practices, from our orchard to your table.

Blue Diamond Growers is a cooperative of almond growers who are invested in the stewardship of their orchards. We understand the interconnectedness of the land, water resources, broader ecosystems and our communities. We promote activities and invest in innovation that support a more resilient California for generations to come.



WHO WE ARE

- » A grower-owned cooperative. Blue Diamond Growers was founded 112 years ago, and we take pride in our legacy of supporting small family farms. Many of our approximately 3,000 family farms are third or fourth generation, and the average farm size is less than 100 acres of almonds. Our sustainability efforts and investments leverage our rich expertise and are made with fourth or fifth generations in mind.
- » **California-grown.** Almonds are commercially grown only in Mediterranean climates. Blue Diamond almonds are grown exclusively in the Central Valley in California, which has an ideal Mediterranean climate for them.
- » **Strengthened by partnerships.** We collaborate with industry groups, suppliers, community organizations and research universities with know-how and a commitment to sustainability.



WHAT WE GROW

- » Almonds they're all we do. We consider every detail from the environment they grow in, to the farmers who grow them, to the people who enjoy them — and we deliver almonds to customers in virtually every form — from almonds in the shell to those blanched and sliced to almond beverages and almond flour.
- What we grow. A healthy and nutritious food. Our products are suited for different dietary needs and lifestyles. Almonds are heart-healthy, packed with the antioxidant vitamin E, riboflavin (B2) and manganese and are a good source of fiber and magnesium.



HOW WE DO IT

- » **Orchard-focused.** Everything begins in the orchard with our farmers, whose careful stewardship results in the highest-quality almonds.
- » **Rooted in innovation.** From water use to food waste, we take innovative approaches to address sustainability challenges facing the food industry at large.
- » **High standards.** Our quality distinguishes us. We pay our growers more for the highest quality and take pride in everything we do. Our strict quality assessments and food safety standards ensure that our almonds are the best available.

4





BIODIVERSITY and pollinators

We invest in and promote techniques that protect the whole ecosystem, including soil and bees.

SUSTAINABLE

Almond farming has an inherently long time horizon due to the 25-year life span of almond trees. We are committed to enhancing the land so it is productive and healthy for future generations.

WATER stewardship

We use cutting-edge technology and best practices to ensure the maximum benefit from every drop of water that we use.

CLIMATE and energy

Almonds grow on trees that convert carbon dioxide in the atmosphere into wood, leaves and nuts each year of their life.





Resilient COMMUNITIES

We commit to strengthening the well-being of the communities we serve.



our PEOPLE

Everything we do considers our grower-owners, our employees and our customers.

15

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77

SUSTAINABLE agriculture

Embracing innovation to build a sustainable future.

California's Central Valley has provided the ideal climate to grow almonds since Blue Diamond's founding 112 years ago. The rich soil, short winters and hot, dry summers create the optimal conditions under which our growers can cultivate an exceptional product. But we know that tomorrow is not promised and that these conditions are vulnerable to climate change and resource constraints. That's why we are committed to encouraging sustainable practices beginning in the almond orchard itself, considering sustainability in each facet of the growing process. By leveraging the collective knowledge of our cooperative, including growers, experts and industry partners, we are constantly innovating to meet the challenges of farming while regenerating the environment and our communities for tomorrow.



"Farming creates unique challenges, and so many of them are tied together. How do we remain resilient? How do we give ourselves some cushion from year to year? How do we change our practices or technology so we can thrive? My whole plan revolves around growing these trees in the healthiest way possible, which takes patience. You remain consistent. Every year is an opportunity to learn and grow more."

Christine Gemperle, Blue Diamond grower-owner



2022 highlights

- ← More than **\$1.74 million** was paid directly to growers through the Blue Diamond Growers Orchard Stewardship Incentive Program (OSIP) in 2022 alone.
- ← The OSIP now covers **40%** of all Blue Diamond member acres, more almond acres in a sustainability program than any other company in the world.
- ← 11% of all Blue Diamond member acres were Bee Friendly Farming[®] certified in 2022, earning them the top payment through the OSIP.

Leading the industry in orchard stewardship

Our growers are proactive, thoughtful and invested in the good stewardship of their orchards. Blue Diamond's industry-leading OSIP helps further promote sustainable growing practices among our growers. The OSIP consists of three different tiers of grower financial incentives aimed at grower assessment against best agriculture sustainability practices, encouraging continual education and improving farming practices. The resources utilized by Blue Diamond to enhance sustainable agriculture practices are:

» California Almond Stewardship Platform (CASP):

CASP, launched in 2009, is a program of the Almond Board of California and is comprised of hundreds of best practices that include pest, soil, ecosystem, financial and irrigation management; community and bee health; air quality; and energy efficiency. CASP has been benchmarked to the internationally recognized Sustainable Agriculture Initiative (SAI) and found to be aligned with the SAI Farm Sustainability Assessment (FSA).

- » **Cool Farm Tool:** The Cool Farm Tool is an online calculator that assesses the carbon footprint of the farm and enables informed decision-making that helps reduce farms' environmental footprint.
- » Bee Friendly Farming[®] Certification (BFF[®]): Awarded by the Pollinator Partnership, BFF[®] recognizes and encourages landowners to protect, preserve and promote pollinator health. Learn more about Blue Diamond's <u>commitment</u> to pollinators.

In two years of implementation, the OSIP rapidly increased the rate of Blue Diamond Growers' participation in the CASP assessment. In 2022, it grew to represent 40% of cooperative member acreage.

This is the largest amount of almond acreage in a sustainability program of any company in the world.

Making the most of the whole almond

For many decades at Blue Diamond, we've innovated ways to use all parts of the almonds we harvest, with the goal that no part of the plant goes to waste. For example, the shell and hull that protect almonds during growth are sold as coproducts for other agricultural purposes such as livestock feed. For every pound of nuts produced, this equates to a bit more than a half pound of shell and up to two pounds of hull. Blue Diamond sells almonds in nearly all forms, which allows for creative use of almonds that may otherwise go to waste.

We use every part of the almond Hull » Makes up more than half of what is harvested. » After harvest, the hull is used for livestock feed, primarily in California, which reduces the amount of California water needed to grow other feed crops. Shell » Makes up about 20% of what's harvested. » After harvest, the shell typically is used for livestock bedding or added to livestock feed mixes. Kernel » Suffers little or no damage during harvest. » The most visually appealing kernels are used in whole almond products. » Kernels with cosmetic blemishes are made into almond products like almond milk, almond flour and almond oil.



Conserving our most precious resource.

Many are surprised to learn that when it comes to water use, <u>almonds are in line with</u> — or even more water efficient than — other fruit and nut trees in California. In fact, California almond farms use 33% less water to grow a pound of almonds today than they did in 1990. They grow on 21% of California farmland, yet use only 14% of the state's agricultural water, less than their proportionate share. However, as historic droughts have again visited California, all almond-growing regions must plan for better use of a scarce resource. Regions primarily dependent on groundwater are particularly vulnerable. Water stewardship is a critical component of Blue Diamond's sustainability work, and we are always striving to innovate and push toward even greater resource responsibility.

Our close partner, the Almond Board of California, is devoting resources to reduce almond water use by another 20% by 2025, and Blue Diamond is driving water efficiency even further through investment in facility upgrades. Grower education, conservation and regeneration initiatives are intended to improve water access and availability for all Californians.



2022 highlights

- ← 72% of Blue Diamond member orchards report having access to surface water and are not wholly reliant on groundwater resources.*
- ← 95% of Blue Diamond member orchards report using efficient microirrigation systems. That's nearly two times the rate found in other California crops.*
- ← 40% of Blue Diamond grower-owners' acreage assessed through the California Almond Stewardship Platform, which exposes growers to 74 best practices and technologies for irrigation efficiency.
- ← 20% reduction in water use at Blue Diamond's Sacramento facility in fiscal 2022 due to modernizing a key steam and hot water system.

WATER STEWARDSHIP

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BLUE DIAMOND GROWERS | 2022 SUSTAINABILITY REPORT



Technology helps Blue Diamond grow for tomorrow

Advancements in technology can help regulate the use of water and more precisely pair the need of trees with available resources. This year, 89%* of Blue Diamond member orchards reporting through CASP self-assessments said they use irrigation scheduling technologies to decide when and how much to irrigate based on trees' need as well as the soil and climate conditions.

Blue Diamond Growers staff also incorporate advanced technology into assessing annual and future water risks to our growers. We have initiated a geospatial assessment of each orchard in our membership, which allows for staff to gauge the health of associated groundwater basins, the reliability of their surface water districts and the suitability of an orchard's soil for groundwater recharge, and thus better understand the near- and long-term risks to the crop. In the next phase, Blue Diamond plans to direct growers with the highest water risk to programs that can assist in reducing their risk.

Growers recharge California's groundwater resources

Groundwater is a vital resource in California, accounting for a significant portion of the water supply, particularly during droughts. In recent years, groundwater levels have decreased substantially in some regions of the state — a concerning trend that has significant cost and access implications for residents and agricultural crops alike. To recharge groundwater supplies, pilot projects are underway across the state in wet years to utilize almond orchards to apply excess water during winter while trees are dormant, allowing the water to seep into the ground and recharge aquifers. Here too, Blue Diamond leadership has played a role. For example, the University of California, Davis conducted a project to recharge groundwater supplies at the orchard of Blue Diamond farmer Nick Blom. During the winter, Blom's orchards were flooded with surplus water from surface water sources immediately following winter storms. The research verified that there was no harm to the almond trees, providing a tool that may soon provide substantial benefit to the overall availability of groundwater for communities in California. Blom and others like him are demonstrating the potential to recharge groundwater aquifers through almond orchards.

BIODIVERSITY and pollingtors

Cultivating healthy ecosystems for plants and bees.

To produce nuts, most almond varieties require pollinators to visit their blossoms. Honeybees, which are native to the same region of the world as almonds, work best for this purpose, as they are active in the early California spring (almonds blossom in February) when other pollinators are yet to emerge. To help honeybees thrive, growers can provide them with access to clean water and plant a variety of cover crops or hedgerow plants to provide a diverse diet of pollen and nectar. Just like humans, honeybee health tends to improve with a diverse diet and clean water. Growers can also practice pest management approaches that prevent pollinators from encountering pesticides. These practices benefit a wide array of pollinators as the season progresses. Blue Diamond encourages growers to follow best practices, providing education that aligns with organizations such as Pollinator Partnership, Project Apis m., Bee Informed Partnership and the Almond Board of California. By creating favorable conditions, Blue Diamond growers help enhance the health of honeybees and other pollinators, the sustainability of their almond crop and the overall ecosystem of the region.



2022 highlights

- ← 29% of Blue Diamond orchards reported planting cover crops for soil quality and pollinator benefits.*
- ← 11% of Blue Diamond grower acres are Bee Friendly Farming[®] certified.
- ← Blue Diamond distributed **over 900** bee hydration buckets to members for providing fresh drinking water to support nearly 30,000 hives. The buckets serve as an "idea starter," with growers expected to add additional buckets to expand the benefit to many more hives.

Orchards that sustain more than just almonds

Blue Diamond is committed to leadership in pollinator protection in the almond industry through facilitating grower adoption of biodiversity and best practices for pollinators. Bees are small animals; like other animals, they benefit from a diverse diet and fresh water. Growers can plant a variety of pollen and nectar sources in the form of cover crops or hedgerows and provide reliable water access. Strategic partner organizations work with Blue Diamond to distribute information and supplies to growers, who then provide the support that honeybee colonies need in the orchards. One such partnership funds distribution of bee hydration buckets, buckets of water with a safety net system to allow pollinators to access water without the risk of drowning, to participating Blue Diamond growers. Over 900 buckets were distributed to farms of all sizes — the smallest being 10 acres and covering orchards across a distance of over 350 miles.

Partnerships amplify our growers' commitment to pollinators

Blue Diamond is active in several partnerships that support pollinators. Project Apis m. (PAm) is an NGO providing research and education on critical bee health issues and is a longtime partner of Blue Diamond Growers. Through a project called Seeds for Bees®, PAm provides low- or no-cost seeds to Blue Diamond growers to try cover crops for the first time and education on bee health and beekeeping issues for growers. Upon trying cover crops through Seeds for Bees®, 96% of participants reported in 2022 that they intend to continue planting cover crops in future years, even without access to free seed. And our NGO partner Bee Informed Partnership provides educational resources for growers in managing the relationship with their beekeeper so that the bees working alongside our growers have a healthy environment and quality care. Another partner, Pollinator Partnership (P2), operates the Bee Friendly Farming[®] (BFF[®]) certification program. Blue Diamond Growers receive financial incentives for BFF[®] certification through OSIP. Certification involves a significant annual commitment to pollinator ecosystems. Growers must provide pollinator forage on at least 3% of their acres, provide fresh water sources for pollinators, have year-round pollinator habitat for native pollinators and use practices to protect pollinators from encountering pesticides. As of June 2022, 11% of all Blue Diamond member acres had achieved this certification. We have set our sights on even more impact, targeting 15% BFF[®]-certified farm acreage by 2025. The impact of these partnerships has been encouraging. As of 2022, over 200 Blue Diamond growers had used the Seeds for Bees® program since its inception. The growers used the program to plant cover crops on over 9,000 acres. Often the acres planted are a small trial plot for the farm, and, through a multiplier effect, the eventual adoption of cover crops expands to a much larger number of acres after the initial planting. We are excited about the positive impacts on biodiversity, soil quality, pollinator ecosystems and the health of our almond orchards because of these efforts. We are proud of the combination of expert partnerships and Blue Diamond's industry-leading commitment to the ecosystems surrounding our orchards, and we look forward to further expanding investments and participation in these efforts.

Bee Friendly Farming[®] certification criteria

(certified by Blue Diamond's partner Pollinator Partnership)

- » Offer forage plants providing good nutrition for bees on at least 3% of land.
- » Provide bloom of different flowering plants throughout the growing season, especially in early spring and late autumn.
- » Offer clean water for bees.
- Provide permanent pollinator habitat through features such as hedgerows, natural brush, buffer strips or bare ground.
- » Practice Integrated Pest Management (IPM) to reduce or eliminate the use of pesticides.





Delivering climate solutions from orchards to operations.

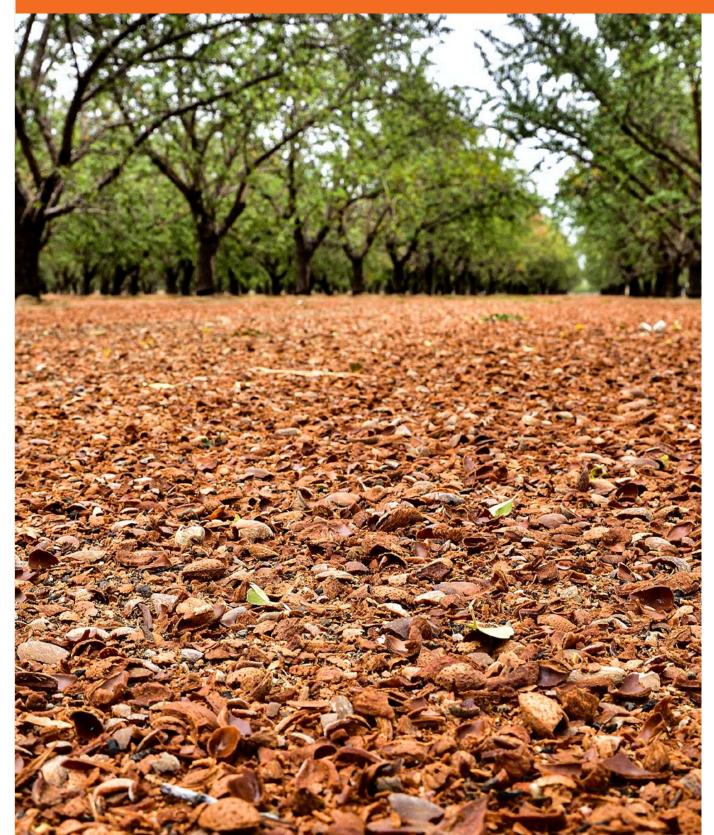
We commit to mitigating our impact on climate change through stewardship and innovation throughout our entire value chain, from growers' farms to our processing facilities. In 2022, we completed an assessment of our Scope 1, 2 and 3 emissions using the Greenhouse Gas (GHG) Protocol, the most widely used GHG accounting standard, to better understand where our greatest impacts occur and where we can best focus our efforts in the future. We will use the findings to inform a strategic plan and we will fund research and projects to improve our practices to address climate change. At each facility, we have dedicated sustainability teams that support initiatives related to reducing GHGs, as well as improving waste diversion and energy and water efficiency. Additional efforts include leading research to improve packaging sustainability and upcycling the byproducts of our manufacturing.



2022 highlights

- ← Awarded \$746,000 by California Energy Commission (March 2019) for our project to reduce GHG emissions through the 2022 replacement and modernization of a steam boiler system. This project is expected to reduce natural gas consumption at the Sacramento plant by more than 30%.
- ← Reduced materials going to landfill by **18%** at the Salida facility through increased recycling and reuse.

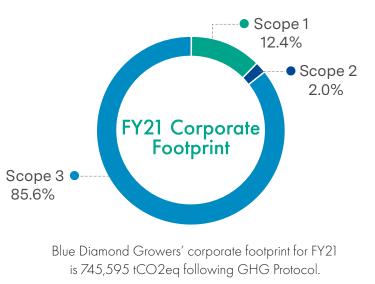
CLIMATE AND ENERGY



Blue Diamond's journey to capture Scope 1, 2 and 3 emissions

In GHG assessment terminology, Scope 1 emissions refer to direct emissions from one's own facilities and vehicles, Scope 2 measures indirect emissions from the generation of purchased electricity, and Scope 3 includes all other indirect emissions that occur throughout a company's value chain including agriculture, waste generated, transportation and distribution, and the disposal of product packaging. This year, our goal was to fully understand where the greatest impacts were occurring and what warranted focus in the future. Like most industry peers, Blue Diamond's emissions are primarily driven by Scope 3 impact, in particular the almond production and purchased goods and services like processing ingredients, packaging and office supplies.

In the coming years, we plan to add granularity to our footprint analysis and track carbon emission reductions. We look forward to providing additional details around the impact of on-farm emission reduction activities and conducting lifecycle assessments on individual brands and products.



12

Sequestering carbon for the life of a tree and beyond

Like trees in a forest, almond trees use photosynthesis to take CO2 out of the atmosphere and turn it into the components of wood. This process operates throughout the 25-year life span of the orchard. Because of this, California almonds have a lower carbon footprint than many other nutrient-dense foods. At the end of an orchard's life, trees can be returned to the soil as wood chips, locking the carbon in the soil and providing climate benefits for an even longer period.

Almond trees sequester carbon from the atmosphere for their 25-30-year life span.

Trees store carbon in wood and roots.

Wood chips **Trees are** chipped at are spread the end of over the orchard floor. their life span.

Wood chips are incorporated into the soil, increasing its ability to hold water.

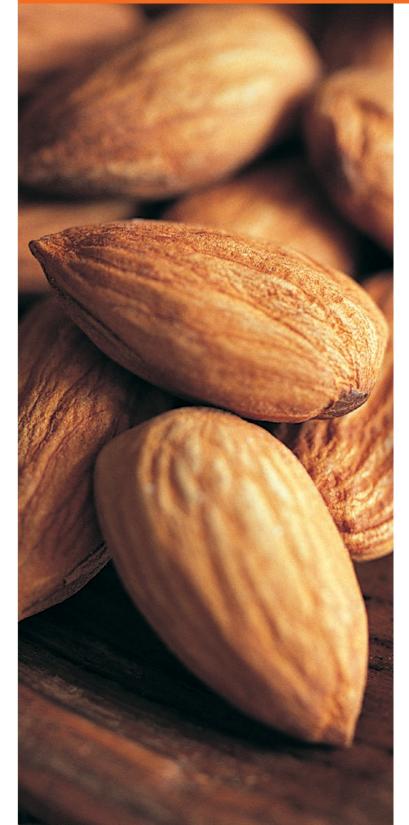
Soil carbon, water holding capacity and biodiversity are increased.

Improved soil leads to healthier trees.

Healthier trees lead to increased almond yield.

CLIMATE AND ENERGY

14



Delivering sustainability and innovation to our global customers

We know that our customers expect the best, and we are committed to delivering on their demand for nourishing and sustainable products. Blue Diamond almond products are innovative and nutritious, enabling customers to meet a large variety of dietary needs and restrictions. The Almond Innovation Center is our dedicated product development center to design and develop new almond products that are flavorful, nutritional and functional to meet customer and consumer satisfaction. Throughout our extensive portfolio of snack and almond ingredient products, we also carefully consider the packaging we use. Packaging plays a critical role in protecting the shelf life, quality and nutritional benefits of our products because it allows them to be stored, transported and consumed safely. This, in turn, reduces the potential for food waste, which would greatly increase the environmental footprint of products. We promote the use of recyclable, lightweight and low-volume materials and we consider the impacts of packaging and food waste together so we can create strategies for overall impact reduction. In partnership with How2Recycle and Sustainable Packaging Coalition, we provide guidance in recycling our product containers. We also are investing to identify recyclable pouch options for use in the future.

90% of Blue Diamond retail packaging are recyclable, based on weight; but our research addresses the challenge of the remaining 10% with a goal of identifying a recyclable snack almonds bag that ensures the same shelf life and strength of the existing bags.

Investing in operational efficiency

Blue Diamond's commitment to environmental responsibility follows the almonds from the fields all the way to our processing plants. In the facilities, we address sustainability through efficient and safe manufacturing, data collection, and team member and community engagement. Throughout our operations, we apply a continuous improvement approach to managing energy, water and resource-efficient facilities, leveraging stormwater detention and groundwater recharge, as well as air-cooling warehouses when possible. Our programmable and computerized controls for production equipment and battery-powered forklift fleet help our manufacturing locations use resources efficiently. In 2019, Blue Diamond received \$746,000 from the California Energy Commission to modernize a steam boiler system and thereby significantly reduce associated GHG emissions, a project completed in 2022.

On site, our plant teams reduce solid waste and have made efforts to increase recycling. Initiated by the Salida sustainability team, all three sites — Sacramento, Salida and Turlock — are now working with a new vendor to repurpose inedible byproducts, thereby reducing waste from our facilities. The Salida team also implemented a project to utilize temporary storage containers more efficiently, increasing the life span of the containers and reducing the number of new containers needed.

Several of our facilities have earned recent distinctions for their efficient use of resources and reductions in waste generation, including:

- » The Salida facility became the first Green Business Certified facility by the California Green Business Network of Stanislaus County (April 2021).
- » The Turlock facility followed shortly thereafter to be Green Business Certified by the California Green Business Network of Stanislaus County (June 2021).
- » The Salida facility received the City of Modesto Business Recycling Award to celebrate accomplishments in finding ways to reduce waste and be resource-efficient (September 2020).

our PEOPLE

Cultivating the growers and employees behind the almonds.

Blue Diamond Growers was created to serve people — both growers and customers alike — and invest in their future through our practices and efforts today.

Across our operations, we are proud of our work to keep the well-being and success of our growers and employees at the root of all that we do. Our Vision, Mission and Values guide our strategy and our culture.

We invest in our people because it aligns with our core values and because we know that satisfied and committed employees drive performance and help the organization succeed on behalf of our growers.

We are committed to providing a Zero Harm environment, meeting and exceeding requirements to promote, encourage and support the health and wellness of our people. Over the past six years, we have steadily improved – and will continue to improve – our safety performance and culture through best-in-class safety and health training programs, grassroots teams and the use of programs such as on-site specialists providing first aid and preventive care. A cross-functional Sustainability Steering Committee was recently established to advise our Director of Sustainability and program management, ensuring that across all facets of the business, we are nurturing and sustaining people.



2022 highlights

← 1,616 employees.

- Focused on continually improving health and safety outcomes, Blue Diamond reported a 0.27 lost time incident frequency rate and a 1.23 recordable injury/illness rate.
- ← 42% of the total Blue Diamond workforce self-identify as women and 72% of the workforce self-identify as people of color. Among managers, 29% self-identify as women and 40% self-identify as people of color. And among the Senior Leadership Team, 34% self-identify as women and 25% self-identify as people of color.
- 6 81% of employees report via employee survey that they are proud to tell others they work at Blue Diamond.

Growing with our members

Our approximately 3,000 grower-owners are mostly multigenerational and living on the land they farm. The average Blue Diamond farm size has less than 100 acres of almonds, but together Blue Diamond growers manage more orchard acres than any other almond company in the world. The cooperative model benefits our growers because we can offer higher farm prices than the industry average, provide growers resources and discounts, and amplify best practices throughout the cooperative. Our growers are motivated to care for the land so that it can sustain their families for generations to come and are eager to share their knowledge and expertise. Blue Diamond's skilled Member Relations team anticipates growers' needs and challenges, which enables them to provide regular insights and growing updates, access to educational opportunities and guality incentives to ensure the highest grower return and the best customer experience. Our Blue Diamond Government Affairs team advocates within local, state, federal and foreign governments to represent our growers on key issues. Except for two at-large members, our Board of Directors is elected by and from the grower membership, giving grower-owners a direct role in the company leadership. Together, Blue Diamond and our grower-owners are investing in the future by providing an exceptional product that is sustainable for generations to come.

Growing with our employees

Blue Diamond's investment in our team members' growth and development is a key part of our success. We utilize multiple methods to understand what's important to team members and to continue to improve our work environment. These include formal surveys, ad hoc surveys, roundtables, team meetings, focus groups, program utilization and — very importantly — natural conversations. In 2022, we conducted a formal survey of team members, which found that the feeling is mutual; 81% report via employee survey that they are proud to tell others they work at Blue Diamond, and 69% would describe Blue Diamond as a great place to work.

A key focus is the skill development and career advancement of Blue Diamond employees. Learning and growing is a core part of building a winning team and culture. Through a variety of formal training opportunities, we provide employees the opportunity to learn. In the past year, Blue Diamond employees completed a total of 19,687 training hours in areas including technical skills, business and functional skills, and leadership skills. This is equivalent to an average of 12 training hours per employee.



"I'm always asking myself, what does Blue Diamond bring to its grower community? We bring stability in the marketplace; we balance their risk. But more than that, we promote the amazing product they grow; we open markets around the world. We deeply understand the legacy of the land."

Mel Machado, Vice President, Member Relations, Blue Diamond Growers One program that is in place in all three manufacturing sites increased technical capability in maintenance and electronics, prepared hourly team members to move into formal leadership roles, and invested in our frontline supervisors' current and future leadership capability. Blue Diamond also adopted an industry best practice using Training Within Industry (TWI) as the training methodology for our manufacturing sites. Over the last year, we have almost doubled the number of TWI trainers and logged more than 7,000 hours of TWI training with our frontline team members, focused on improving safety, reducing waste and increasing efficiency.

Frontline Leader

Frontline leaders play a critical role at Blue Diamond. They are the dominant factor in the team member experience and responsible for key daily business results. This leadership program focuses on the following topics.

- » Instilling trust to develop psychological safety where all team members can be their authentic self.
- » Communicating to share the vision and listen with empathy.
- » Providing feedback and helping team members achieve their full potential.

Functional Leader

Functional leaders lead from the middle of the organization and face unique opportunities. Their responsibilities include collaborating across the organization while leading their function. This leadership program focuses on the following topics.

- » Navigating stages of team development to help teams achieve their full potential.
- » Developing others through talent conversations.
- » Communicating effectively to resolve performance problems, strengthen trust and reliability, and eliminate inconsistency.

Cultivating inclusion and opportunity for growers and employees

Our growers and employees represent a cross section of California's diverse population and contribute to the strong cultural heritage of Blue Diamond Growers. They embody our company values of partnership and integrity, bringing a variety of expertise and experience that allows us to innovate and solve complex challenges.

In recent years, Blue Diamond has formalized our approach to close opportunity gaps in our communities, prioritizing diversity, equity and inclusion (DEI) and education. In response to the national outcry and unprecedented events of 2020, which brought light to longstanding existing inequities, Blue Diamond created a Social Impact Committee (SIC). The committee was responsible for identifying immediate and long-term actions for Blue Diamond to enhance our corporate citizenship. The committee recommended several social impact initiatives that engage employees and Blue Diamond communities in volunteer projects, increase supplier diversity and increase team member awareness of diversity. In response, Blue Diamond helps celebrate diversity throughout the year, including through employee-led recognition events, educational material and informational panels representative of our workforce.

In 2022, senior leadership also participated in a listening workshop designed to improve skill and awareness and enable leaders to connect with team members to understand their needs. This activity enabled us to focus on authentic feedback on the current state of team members' experiences. These leader conversations and the work of the SIC have been matched with input from a DEI Taskforce to help us plan our next steps on our DEI journey.

Our procurement team spent fiscal year 2022 formalizing Blue Diamond's supplier diversity initiative by setting targets, criteria and metrics. They have established that 18% of our spend is with small businesses, veteran-, minority and female-owned businesses. Our next step is to identify mechanisms for increasing that spend in future years.

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Blue Diamond celebrates diversity

- » January: Martin Luther King Jr. Day
- » February: Lunar New Year and Black History Month
- » March: Women's History Month
- » April: National Celebrate Diversity Month
- » May: Asian American & Pacific Islander Month
- » June: Pride Month and Juneteenth
- » July/August: Feedback was solicited on Diversity Initiatives
- » September: Latin American & Hispanic Heritage Month
- » October: Disability Awareness Month
- » November: Native American Heritage Month and Diwali
- » December: Distributed video highlights from year in review



17

Resilient COMMUNITES

Strengthening communities for generations.

Blue Diamond's legacy in the Central Valley goes beyond our engagement with growers to cultivate the land; we also partner with organizations to improve the lives of individuals in the communities of Sacramento, Salida and Turlock, California, where our processing facilities are located. Blue Diamond team members are proud of our contributions to the community; in the latest employee survey, 80% of team members reported that they felt good about the ways in which Blue Diamond contributes to the community. Blue Diamond employees across all three locations contributed to a total of 538 paid volunteer hours this year, in addition to giving generously of their time and talent to meaningful causes outside of official work hours.

Through our grantmaking and community outreach program, Blue Diamond funded a "curiosity cart" at Sacramento's Museum of Science & Curiosity featuring bees and other pollinators this year. Grant dollars were also used to support evacuees and relief workers affected by natural disasters, as well as to respond to ongoing needs such as food insecurity. Our Blue Diamond Growers Foundation supports young students from California who plan to pursue a career in agriculture, and our Leadership Development Program is designed to cultivate the next generation of almond industry leaders. To amplify philanthropic support, Blue Diamond team members volunteer on community improvement projects throughout the region, such as preparing local community gardens for educational programs and hosting community cleanup and recycling efforts.



2022 highlights

- \leftarrow \$140,000 in community grants to 14 organizations.
- ← \$25,000 donated in matching funds, contributing to 807 Future Farmers of America (FFA) jackets.
- ← Established a paid employee **volunteer time off** program.
- ← **190,000 lbs**, valued at over **\$700,000**, provided in product and in-kind donations to food banks and other nonprofit organizations in fiscal year 2022.
- ← 25 students awarded with a Blue Diamond Growers Foundation Scholarship.

Spending "A Day in the Dirt"

Our employees know firsthand how rewarding it can be to work in an agricultural industry and grow crops for food. The GreenHouse Educational Garden in Sacramento was a natural partner for us, and we provided a grant to facilitate use of an Education Garden for 48 at-risk children. In 2022, Blue Diamond volunteers spent a memorable "Day in the Dirt" to prepare students' garden beds for the 2022 summer season. According to data collected by The GreenHouse, 92% of GreenHouse youth reported high levels of enjoyment of gardening, and 84% believed that spending time in the garden is positive for their mental well-being. We are proud of our efforts to pass along the knowledge and joy of our employees to the next generation.



"We are still basking in the glow from our garden workday with Blue Diamond. This great investment of time, people-power and energy helps us take the next step in our Educational Garden programming. We're already scheduling new family cooking and gardening workshops for the summer so parents and families can harvest, cook and enjoy fresh produce together."

Rena Crocker, Executive Director, The GreenHouse

Showing "Love" to our communities

Not only is Blue Diamond Growers located in California – as an agricultural cooperative we are truly tied to the land; these places are where we work, grow and live with our families. Blue Diamond employee volunteers recently demonstrated that deep connection through their participation in "Love Turlock" and "Love Modesto" this year, delivering supplies, recyclables and a whole lot of love to their California communities. The teams, made up of employees from our Turlock and Salida sites, contributed to community cleanup and recycling efforts that left the cities a little bit more beautiful than they found them. In partnership with the Love Our Cities organization, Blue Diamond employees invested in helping these cities thrive.

Outfitting the next generation of farmers

FFA (also known as Future Farmers of America) is the premier organization preparing youth for leadership and careers in the science, business and technology of agriculture in the U.S. For the past century, participants have proudly donned the iconic blue FFA jackets that visually identify them as the future leaders of the agricultural industry. Blue Diamond is proud to have partnered with the California FFA Foundation for several years to raise funds during Giving Tuesday for the FFA Blue Jacket program, which purchases jackets for FFA members who would not normally be able to afford one of their own. In fiscal year 2022 Blue Diamond Growers donated \$25,000 in matching funds. Our match, along with funds from our employees, growers and community members, allowed FFA to purchase 807 jackets.

Employees are also innovating to reduce waste to landfill and provide much-needed equipment to community members whose jobs require specialized gear. The Turlock and Salida sustainability teams began collecting the gently used work boots of their Blue Diamond colleagues and, in partnership with the Salvation Army, donated the boots to local individuals who wouldn't otherwise be able to afford the safety equipment required for many jobs.







APPENDIX A

21

About this report

This report details Blue Diamond Growers' progress in sustainability for fiscal year 2022 and is our first-ever sustainability report. As a cooperative company deeply invested in the impact of our business on the environment and in communities, we believe it's the natural next step in tracking the efforts we make to improve resource management, innovate and ensure quality across our operations — from our grower-owners' orchards to your table. It is intended to be our primary source of annual disclosure on sustainability performance and provide a transparent account of our sustainability approach. Reporting on other matters can be found in the 2022 Annual Report found on our <u>website</u>. Data in this report were collected during fiscal year 2022, the period between August 28, 2021 and August 26, 2022, unless otherwise noted.

Materiality approach

In 2021, Blue Diamond Growers undertook a materiality assessment process that included surveying and interviewing key internal and external stakeholders to better understand their priorities. Our stakeholders included current employees, ingredient customers, retail customers, grower-owners, community partners, a strategic brand partner and a regulatory agency.

These stakeholders provided extensive insight into the issues that are top of mind for them, where they believe Blue Diamond has performed well and, from their perspective, where Blue Diamond

could improve. Respondents were most proud of our efforts to address water use, GHG emissions, soil health, pollinator protection and packaging sustainability, and of the cooperative model itself, often citing the multigenerational nature of the business. The top five material issues for our stakeholders were water, pollinators, climate, packaging and pesticides. As we continue building out sustainability programs at Blue Diamond Growers, we will focus in these priority areas.

Stakeholder feedback was compiled and applied to matrices that map issues of highest importance to both Blue Diamond

stakeholders and Blue Diamond employees. Using these matrices, the Sustainability Steering Committee discussed the results and Blue Diamond's business influences to rank the material issues. One of those matrices is included here. All issues included in the matrix are considered important to Blue Diamond. When an issue ranked lower on the matrix, it was typically because stakeholders felt that the organization already addressed these issues well, or the issue had limited influence on Blue Diamond's business. New resources and attention will be focused on highly ranked material issues.



Priority Level of Potential Program Focus Areas to Stakeholders

Our partners

Blue Diamond Growers is committed to developing partnerships with organizations whose expertise enhances the sustainability work of our collaborative. Our partners help us learn and grow today so that we can better serve our grower-owners and our customers tomorrow.

Agriculture partners

Almond Board of California (ABC) Cool Farm Alliance Bee Informed Partnership (BIP) Foundation for Food & Agriculture Research (FFAR) Future Farmers of America Pollinator Partnership and Bee Friendly Farming® Project Apis m. (PAm)

Community partners

Downtown Streets Team Midtown Association Modesto Chamber of Commerce Opportunity Stanislaus River District Association Sacramento Food Bank and Family Services Sacramento Metro Chamber of Commerce Second Harvest Food Bank Turlock Chamber of Commerce

Industry partners

Agricultural Council of California Almond Alliance of California California Chamber of Commerce California Farm Water Coalition California Manufacture and Technology Association (CMTA) Consumer Brands Association Graduate Institute of Cooperative Leadership International Nut and Dried Fruit Council Public Policy Institute of California (PPIC) The Conference Board

Packaging partners

How2Recycle Sustainable Packaging Coalition



Disclosure Number	Disclosure Title	Response
GRI 102: General Disclosures		
Organizational profile		
102-1	Name of the organization	Blue Diamond Growers
102-2	Activities, brands, products and services	Blue Diamond Website Blue Diamond Growers Website Blue Diamond Ingredients Website
102-3	Location of headquarters	Sacramento, California
102-4	Location of operations	Bylaws of Blue Diamond Growers, p. 6
102-5	Ownership and legal form	Blue Diamond is organized and exists as a nonprofit cooperative association without shares of capital stock pursuant to the provisions of Chapter 1, Division 20 of the California Food and Agricultural Code as such provisions now exist or may hereafter be superseded or amended.
102-6	Markets served	Blue Diamond Website Blue Diamond Ingredients Website
102-7	Scale of the organization	Blue Diamond Growers Annual Report 2022
102-8	Information on employees and other workers	2022 Sustainability Report > Our People
102-9	Supply chain	Blue Diamond Growers Annual Report 2022
102-10	Significant changes to the organization and its supply chain	There were no significant changes to the organization and its supply chain in 2022. There were no significant changes to structure or ownership during the reporting year.
102-11	Precautionary Principle or approach	Blue Diamond does not follow the precautionary approach, but has a comprehensive risk management plan in place.
102-12	External initiatives	2022 Sustainability Report > Appendix C: Our Partners
102-13	Membership of associations	2022 Sustainability Report > Appendix C: Our Partners
Strategy		
102-14	Statement from senior decision-maker	2022 Sustainability Report > A Message from our CEO
102-15	Key impacts, risks and opportunities	Blue Diamond Growers Annual Report 2022 2022 Sustainability Report > Our Focus Areas
Ethics and Integrity		
102-16	Values, principles, standards and norms of behavior	Blue Diamond Growers Annual Report 2022
102-17	Mechanisms for advice and concerns about ethics	2022 Sustainability Report > Appendix B: Materiality Approach
Governance		
102-18	Governance structure	Blue Diamond Growers Annual Report 2022
102-21	Consulting stakeholders on economic, environmental and social topics	2022 Sustainability Report > Appendix B: Materiality Approach

Disclosure Number	Disclosure Title	Response	
102-22	Composition of the highest governance body and its committees	Blue Diamond Growers Annual Report 2022	
102-23	Chair of the highest governance body	Blue Diamond Growers Annual Report 2022	
102-26	Role of highest governance body in setting purpose, values and strategy	Blue Diamond Growers Annual Report 2022	
102-27	Collective knowledge of highest governance body	Blue Diamond Growers Annual Report 2022	
102-29	Identifying and managing economic, environmental and social impacts	Blue Diamond Growers Annual Report 2022	
102-31	Review of economic, environmental and social topics	2022 Sustainability Report > Our Focus Areas	
102-33	Communicating critical concerns	Blue Diamond Growers Annual Report 2022	
Stakeholder Engagement			
102-40	List of stakeholder groups	2022 Sustainability Report > Appendix B: Materiality Approach	
102-42	Identifying and selecting stakeholders	2022 Sustainability Report > Appendix B: Materiality Approach	
102-43	Approach to stakeholder engagement	2022 Sustainability Report > Appendix B: Materiality Approach	
102-44	Key topics and concerns raised	2022 Sustainability Report > Appendix B: Materiality Approach	
Reporting Practice			
102-45	Entities included in the consolidated financial statements	Blue Diamond Growers Annual Report 2022	
102-46	Defining report content and topic Boundaries	2022 Sustainability Report > Appendix B: Materiality Approach	
102-47	List of material topics	2022 Sustainability Report > Appendix B: Materiality Approach	
102-49	Changes in reporting	None	
102-50	Reporting period	2022 Sustainability Report > Appendix A: About This Report	
102-51	Date of most recent report	Our first sustainability report covers the period between August 28, 2021 and August 26, 2022.	
102-52	Reporting cycle	2022 Sustainability Report > Appendix A: About This Report	
102-53	Contact point for questions regarding the report	sustainability@bdgrowers.com Blue Diamond Growers 1802 C Street Sacramento, CA 95811	
102-54	Claims of reporting in accordance with the GRI Standards	Our 2022 Sustainability Report references the 2016 GRI Standards.	
102-55	GRI content index	2022 Sustainability Report > Appendix D: GRI Index	
102-56	External assurance	Financial statements are audited by Crowe, LLP (Crowe), independent certified public accountants, who were engaged by the Audit Committee of the Board of Directors. We have not sought assurance on our sustainability disclosures.	

Disclosure Number	Disclosure Title	Response
GRI 200: Economic		
GRI 201: Economic Performance		
103-1	Explanation of the material topic and its Boundary	2022 Sustainability Report > A Message from our CEO 2022 Sustainability Report > About Blue Diamond Growers
103-2	The management approach and its components	2022 Sustainability Report > Our Focus Areas
103-3	Evaluation of the management approach	Blue Diamond Growers Annual Report 2022
201-1	Direct economic value generated and distributed	Blue Diamond Growers Annual Report 2022
201-4	Financial assistance received from government	Blue Diamond Growers Annual Report 2022
GRI 203: Indirect Economic Impacts		
103-1	Explanation of the material topic and its Boundary	2022 Sustainability Report > Our Focus Areas
103-2	The management approach and its components	2022 Sustainability Report > Our People
103-3	Evaluation of the management approach	2022 Sustainability Report > Our People
203-1	Infrastructure investments and services supported	2022 Sustainability Report > Our People > Cultivating inclusion and opportunity for growers and employees
203-2	Significant indirect economic impacts	2022 Sustainability Report > Our People > Cultivating inclusion and opportunity for growers and employees
GRI 300: Environmental		
GRI 302: Energy		
103-1	Explanation of the material topic and its Boundary	2022 Sustainability Report > Climate and Energy
103-2	The management approach and its components	2022 Sustainability Report > Climate and Energy
103-3	Evaluation of the management approach	2022 Sustainability Report > Climate and Energy > 2022 Highlights
302-1	Energy consumption within the organization	2022 Sustainability Report > Climate and Energy > Blue Diamond's journey to capture Scope 1, 2 and 3 emissions
302-2	Energy consumption outside of the organization	2022 Sustainability Report > Climate and Energy > Blue Diamond's journey to capture Scope 1, 2 and 3 emissions
302-3	Energy intensity	2022 Sustainability Report > Climate and Energy > Blue Diamond's journey to capture Scope 1, 2 and 3 emissions
302-4	Reduction of energy consumption	2022 Sustainability Report > Climate and Energy

Disclosure Number	Disclosure Title	Response	
GRI 303: Water and Effluents			
103-1	Explanation of the material topic and its Boundary	2022 Sustainability Report > Water Stewardship	
103-2	The management approach and its components	2022 Sustainability Report > Water Stewardship	
103-3	Evaluation of the management approach	2022 Sustainability Report > Water Stewardship > 2022 Highlights	
303-1	Interactions with water as a shared resource	2022 Sustainability Report > Water Stewardship > Growers recharge California's groundwater resources	
GRI 304: Biodiversity			
103-1	Explanation of the material topic and its Boundary	2022 Sustainability Report > Biodiversity and Pollinators	
103-2	The management approach and its components	2022 Sustainability Report > Biodiversity and Pollinators	
103-3	Evaluation of the management approach	2022 Sustainability Report > Biodiversity and Pollinators > 2022 Highlights	
304-2	Significant impacts of activities, products and services on biodiversity	2022 Sustainability Report > Biodiversity and Pollinators	
GRI 305: Emissions			
103-1	Explanation of the material topic and its Boundary	2022 Sustainability Report > Climate and Energy	
103-2	The management approach and its components	2022 Sustainability Report > Climate and Energy	
103-3	Evaluation of the management approach	2022 Sustainability Report > Climate and Energy > 2022 Highlights	
305-1	Direct (Scope 1) GHG emissions	2022 Sustainability Report > Climate and Energy > Blue Diamond's journey to capture Scope 1, 2 and 3 emissions	
305-2	Energy indirect (Scope 2) GHG emissions	2022 Sustainability Report > Climate and Energy > Blue Diamond's journey to capture Scope 1, 2 and 3 emissions	
305-3	Other indirect (Scope 3) GHG emissions	2022 Sustainability Report > Climate and Energy > Blue Diamond's journey to capture Scope 1, 2 and 3 emissions	
305-4	GHG emissions intensity	2022 Sustainability Report > Climate and Energy > Blue Diamond's journey to capture Scope 1, 2 and 3 emissions	

Disclosure Number	Disclosure Title	Response	
GRI 306: Waste			
103-1	Explanation of the material topic and its Boundary	2022 Sustainability Report > Climate and Energy	
103-2	The management approach and its components	2022 Sustainability Report > Climate and Energy	
103-3	Evaluation of the management approach	2022 Sustainability Report > Climate and Energy > Investing in operational efficiency	
306-1	Waste generation and significant waste-related impacts	2022 Sustainability Report > Climate and Energy	
306-4	Waste diverted from disposal	2022 Sustainability Report > Climate and Energy > 2022 Highlights	
GRI 400: Social			
GRI 401: Employment			
103-1	Explanation of the material topic and its Boundary	2022 Sustainability Report > Our People	
103-2	The management approach and its components	2022 Sustainability Report > Our People	
103-3	Evaluation of the management approach	2022 Sustainability Report > Our People > 2022 Highlights	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Blue Diamond Careers Website	
GRI 403: Occupational Health and Safe	ty		
103-1	Explanation of the material topic and its Boundary	2022 Sustainability Report > Our People	
103-2	The management approach and its components	Blue Diamond Growers Annual Report 2022	
103-3	Evaluation of the management approach	2022 Sustainability Report > Our People > 2022 Highlights	
403-1	Occupational health and safety management system	Blue Diamond Growers Annual Report 2022	
403-4	Worker participation, consultation and communication on occupational health and safety	Blue Diamond Growers Annual Report 2022	
403-5	Worker training on occupational health and safety	Blue Diamond Growers Annual Report 2022	
403-6	Promotion of worker health	Blue Diamond Growers Annual Report 2022	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Blue Diamond Growers Annual Report 2022	

Disclosure Number	Disclosure Title	Response
GRI 413: Local Communities		
103-1	Explanation of the material topic and its Boundary	2022 Sustainability Report > Resilient Communities
103-2	The management approach and its components	2022 Sustainability Report > Resilient Communities
103-3	Evaluation of the management approach	2022 Sustainability Report > Resilient Communities > 2022 Highlights
413-1	Operations with local community engagement, impact assessments and development programs	2022 Sustainability Report > Our People > Cultivating inclusion and opportunity for growers and employees 2022 Sustainability Report > Resilient Communities
GRI 414: Supplier Social Assessment		
103-1	Explanation of the material topic and its Boundary	2022 Sustainability Report > Our People
103-2	The management approach and its components	2022 Sustainability Report > Our People
103-3	Evaluation of the management approach	2022 Sustainability Report > Our People > 2022 Highlights
414-1	New suppliers that were screened using social criteria	2022 Sustainability Report > Our People > Cultivating inclusion and opportunity for growers and employees
GRI 416: Customer Health and Safety		
103-1	Explanation of the material topic and its Boundary	2022 Sustainability Report > Our People
103-2	The management approach and its components	2022 Sustainability Report > Our People 2022 Sustainability Report > Climate and Energy > Delivering sustainability and innovation to our global customers
103-3	Evaluation of the management approach	2022 Sustainability Report > Our People
416-1	Assessment of the health and safety impacts of product and service categories	Blue Diamond Website > <u>Our Craft</u>

Data Center

Corporate Metrics	
Impact Non-almond direct/indirect sourcing spend in North America	53%
Non-almond spend with small and/or diverse organizations	18%
Growers	10/0
Number of growers (thousands)	~3
Average almond acres per farm	<100
Environment	
Energy & Emissions	
Greenhouse Gas Emissions Intensity Scope 1 and 2 (MT CO2e per MT finished product)	~0.28
Electricity Use (watthours per MT finished product, thousands)	~128
Natural Gas consumption (Joules per MT finished product, millions)	~710
Waste to landfill (metric tons)	980
Reduction in waste to landfill (baseline: fiscal year 2021)	33%
Water	
Member orchards using microirrigation systems, as extrapolated from BDG CASP participant data	95%
Member orchards using irrigation scheduling technology, as extrapolated from BDG CASP participant data	89%
Member irrigation practices assessed through CASP participant data	40%
Manufacturing water consumption (ML per MT finished product)	~0.0008
Orchard Stewardship Incentive Program (OSIP)	
Member acres enrolled in OSIP	40%
Paid to growers through OSIP (\$ million)	1.74
Biodiversity and Pollinators	
Member orchards planting cover crops, as extrapolated from BDG CASP participant data	29%
Member acres BFF® certified	11%
Bee hydration buckets distributed	938
Number of beehives supported through pollinator programs (thousands)	~40
Product	
Recyclable retail product packaging by weight	~90%
Post-consumer recycled retail packaging by weight	~30%

30

Data Center

Workplace	
Workforce	
Number of employees (as of end of fiscal year 2022, thousands)	1.6
Employees by Gender	100/
Women (self-identified, total workforce)	42%
Hourly individual contributor positions	42%
Salaried individual contributor positions	52%
Management positions	29%
Top management positions	34%
Workforce Representation	70%
People of Color (self-identified, total workforce)	72%
Hourly individual contributor positions	82%
Salaried individual contributor positions	42%
Management positions	40%
Top management positions	25%
Health & Safety	
Lost Time Incidence Frequency	0.27
Recordable Injury/Illness Frequency	1.23
Days Away, Restricted or Transferred (DART) rate	1.02
Authorized User level Safety Training	100%
Employee Engagement	
Employees who reported via survey that they are proud to tell others they work at Blue Diamond	81%
Employees who reported via survey that they would describe Blue Diamond as a great place to work	69%
Hours of Training Within Industry (TWI) training (thousands)	7.3
Training hours per team member	12
Paid volunteer hours	538
Community	
Community grants – total (\$, thousands)	140
Red Cross donations (\$, thousands)	10
Foundation scholarships awarded	25
FFA jackets co-funded	807
Product and in-kind donations (lbs., thousands)	190

31



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