SUSTAINABILITY REPORT 2019

Blazing the Trail Toward a Brighter, More Sustainable Future
Introduction: A Decade Strong & Just Getting Started

This year, Lundberg Family Farms is thrilled to celebrate a decade of partnership with the Sustainable Food Trade Association (SFTA). With their help, we have been capturing important, consistent sustainability metrics and sharing our progress in an annual Sustainability Report.

In the past ten years, we have achieved Platinum TRUE Zero Waste certification, increased our on-site solar generation to over 1.9 MW, sourced all of our paperboard from post-consumer materials, reduced more than 14 metric tons of packaging waste, and grown more than 15,000 acres of organic rice year after year.

While we are proud of the strides we have made, we also take pride in our core value of continuous improvement. So, with eyes on the horizon, we are working to enhance our energy efficiency, sustainable packaging, on-site renewable energy generation, carbon farming practices, and waste reduction. Thank you for supporting us as we blaze the trail toward a brighter, more sustainable future.

Grant Lundberg | CEO | Lundberg Family Farms
We are working closely with three different organizations to help protect our planet for generations to come.

We increased our total on-site generation from 10% to 25%, or 1.9MW total.

We offset our Richvale, CA manufacturing facility with solar and wind energy.

10% TO 25% RENEWABLE ENERGY
1.9 MW SOLAR ENERGY

We diverted more than 14,650 tons of waste, equal to the weight of 2,255 African Elephants!

Our entire company’s landfill use is equal to the waste generated by just 52 average Americans per year.

1.9 MW SOLAR ENERGY
100% RENEWABLE ENERGY

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18 VARIETIES OF RICE GROWN
168 CERTIFIED ORGANIC PRODUCTS
95 MILLION POUNDS OF RICE MILLED

We also grow quinoa along the Northern California coastline.

We produced 10 "made with organic" products as well!

93% of our products are made onsite.

42 TONS OF LANDFILL
32 POST-CONSUMER RECYCLED CONTENT

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FAMILY FORWARD

Lundberg Family Farms leads with a longer view of family, food, and sustainability. Albert, Frances, and their four sons—Eldon, Wendell, Harlan, and Homer—saw how the Dust Bowl stripped the land of its topsoil in the 1930s. When they moved to California, they decided to work in partnership with nature, becoming pioneers of organic rice farming. Since 1937, the Lundbergs have been growing healthy, great-tasting rice while protecting the place we call home.

Today, Lundberg Family Farms is led by the third generation of Lundbergs and owned by 40 actively engaged family members. However, our definition of family extends far beyond “family-owned.” It also includes a network of 40 growers and more than 400 employees. Together, we create thoughtfully crafted rice and quinoa products while tending to soil, air, water, and wildlife as carefully as our crops. It’s all part of our promise to leave the land better than we found it so we can keep growing together for generations to come.

OUR FAMILY HAS GROWN FROM ALBERT, FRANCES, AND THEIR FOUR SONS TO...
Did you know we grow more than 20 varieties of rice and quinoa? As a vertically integrated rice company, we farm, dry, store, mill, manufacture, market, and distribute our own products. So when we say farm to table, what we mean is: We stand behind every grain every step of the way. Does this make some people think we’re a bit unconventional? Sure. But doing things our way—sustainably, at every step—allows us to make better food for our consumers while leaving a better world for the next generation. Besides, we’ll take unconventional over the alternative any day. That’s why we have 168 certified organic, non-GMO products. Each one is crafted meticulously from seed to smile so you and your family can enjoy them at your table.
At Lundberg Family Farms, we cater to a need for healthy, great-tasting food. However, our mission extends far beyond the table: To honor our family farming legacy by nourishing, conserving, and innovating for a healthier world. With this in mind, sustainability is part of everything we do, and it’s guided by our core values:

**RESPECT**
We treat others as we want to be treated, care for the environment, and use resources wisely.

**INTEGRITY**
We keep our commitments, report on our performance, and communicate truthfully.

**CONTINUOUS IMPROVEMENT**
We endeavor to improve our products, operations, and resources, and will support this with investments in people, equipment, products and processes.

**TEAMWORK**
Our success is the result of collaboration between many talented individuals, including employees, growers, vendors, and customers.

To make sure we’re moving in the right direction (and at the right pace), we conduct annual performance audits. The results included in this report are relevant and necessary indicators of our progress from September 2018 to August 2019.
The Intergovernmental Panel on Climate Change (IPCC) estimates that 21% to 37% of global greenhouse gas (GHG) emissions are attributed to the world’s food system. These emissions come from agriculture, storage, transport, packaging, processing, retail, and consumption.

As a farm and food manufacturer, this means we have a huge opportunity to make a positive impact on the world. Through the SFTA and the Climate Collaborative, we have committed to work toward improvement across eleven action categories ranging from land use and organic practices to energy generation and manufacturing efficiencies. While we aim to make progress in every category, we have decided to focus on five of them in order to maximize our impact: Zero Waste, Soil Health, Energy Efficiency, Packaging Reduction, and Policy Engagement.

**Areas of Focus**

- Zero Waste
- Soil Health
- Energy Efficiency
- Packaging Reduction
- Policy Engagement

**Food System Opportunity for Change**

21% Global Greenhouse Gas Emissions

37% Estimated Food Industry Impact

**As a Farm and Food Manufacturer, We Have a Huge Opportunity to Make a Positive Impact on the World.**
Our Zero Waste journey began in 2008, when mixed recycling bins were made available in Richvale, the little town we call home. Since then, our Zero Waste Program has grown to include a lot more than a few mixed recycling bins! In fact, we collect, sort, and recycle just about everything—99.7% to be exact—from packaging to scrap metal to uniforms (which are broken down and used as insulation in vehicles).

This figure, which we call Company Waste, includes rice byproducts such as hulls and bran. While we are proud to divert so much material from the landfill, we also realize that including byproducts can obscure the solid waste materials leaving our production facilities. With this in mind, we don't settle for diverting 99% of Company Waste; we also aim to divert 95% of Facility Waste, which does not include byproducts. In 2019, we exceeded both goals by 0.7%, enabling us to maintain Platinum TRUE (Total Resource Use and Efficiency) Zero Waste certification despite challenges in the waste industry.

In 2017, China stopped accepting most of the world's recyclables. This has drastically reduced rebates (which help support our sustainability program) and made many materials difficult to recycle. But necessity is the mother of invention and we have found creative, sustainable solutions:

- We have been working closely with waste haulers and strengthening our relationships within the recycling industry.
- We designated a centrally located area of our facility—now known as the Resource Recovery Center—for waste handling.
- We purchased a third baler.
- We separate and collect as many materials as possible.
- We educated staff on the importance of keeping our waste streams clean.

In addition to our efforts to divert waste, we also focus on soil health. At Lundberg Family Farms, we consider Mother Nature a part of our family. So we do right by her, cultivating rice from the ground up using eco-positive farming methods that prioritize soil health. Our key farming practices include:

- **Cover Crops:** Cover crops—such as oats, vetch, and fava beans—are a form of fallowing that restores nutrients to the soil. We plant them during the winter so photosynthesis can occur year-round, bringing carbon out of the air and putting it into the ground. This creates a better home for microbes, which naturally make nitrogen, an essential part of the soil's well-balanced diet.

- **Flooding Fields:** Flooding fields is another important part of a healthy crop rotation. Each winter, we flood a portion of our fields to help decompose the rice straw left after harvest and provide valuable habitat for wintering waterfowl. Our region's clay adobe soil and hardpan subsoil prevent percolation, which enables us to be water efficient and return water to rivers and streams when we're done with it.

- **Incorporating Rice Straw:** Our founders saw the value of returning rice straw to the soil long before a 1991 act was passed to curb the practice of burning it. Other farmers laughed at their efforts to turn straw into the soil because the task was so cumbersome. Now, incorporating rice straw is common practice to protect air quality—and it also builds organic matter within the soil. Between cover crops, rice straw, and compost, we're able to provide the soil with more than we take from it.

- **Natural weed and pest control:** We manage weeds naturally, with water. A few weeks after planting, we raise the water level just high enough to drown the grass weeds but not so high that it harms the rice. Then, as the aquatic weeds begin to emerge from the flooded fields, we return the water to rivers and streams, drying up the fields to control these water-loving weeds. It's a system our founders developed as they prepared to give up on a field that had been overrun with aquatic weeds. Decades later, deep water and dry up are still our best defense against weeds—no herbicides or pesticides needed.

These practices take more thought, time and planning, but good things usually do!
Last year, we installed a 1.15 MW solar array on top of three facilities! We estimated that after a full year, our system would generate 25% of our annual energy needs. We missed that goal by 6% due to interconnection issues. Still, we were able to generate 19% of our energy needs on-site and are hopeful that we will reach 25% in 2020.

But at Lundberg Family Farms, we don’t stop at the sun—we shoot for the moon, by which we mean 100% renewable energy! So we continue to purchase renewable energy credits to offset all grid electricity. Through a combination of on-site generation and the purchase of RECs, we’ve been crafting wholesome, organic rice and quinoa products using 100% renewable energy for 17 years running.

Lundberg has created a Strategic Energy Plan to identify the space and capital required to reach 30%, 50%, and 75% on-site generation. We’re currently exploring solar and other green power technologies to help us meet these generation milestones. Meantime, we remain committed to reducing power demand. As part of this effort, we created a Continuous Energy Improvement Team in 2012. This group of internal experts develops and implements strategies—from compressed air monitoring to LED lighting retrofits—to reduce energy waste and increase efficiency on an ongoing basis. In 2018, Lundberg also began working with a Strategic Energy Management cohort. Together with other California-based food manufacturers, we’re identifying savings opportunities and tracking energy reduction. Last year, Lundberg was able to reduce energy use by 1% and generated $106K in savings.

What’s next? Lundberg is pursuing LEED Operations and Maintenance certification. Through this process, we look forward to uncovering inefficiencies and improving facility-wide building performance.

Packaging is a challenge for the entire food industry. To better understand the footprint of our products, we partnered with our local university and a major software company. What we learned is now broadly understood within the food industry: about 75% of a food product’s carbon footprint is generated in the production of that product from the fields to the point of packaging, while around 12% of a product’s footprint can be attributed to the packaging itself. So we prioritize the integrity of our product and take a holistic approach to sustainability, ensuring our products are created sustainably every step of the way, from seed to shelf.

That said, we are constantly reviewing and driving innovation within the industry to uncover opportunities to improve packaging recyclability. In 2019, we were able to reduce 14 metric tons of packaging waste by adjusting the gauge of our 1lb, 2lb, and 4lb rice pouches. Looking ahead to 2020, we’re excited to participate in a bioplastic packaging trial, in which we’ll be conducting shelf-life testing both at our facility and with a third party. We hope this trial will help us identify packaging that is both biodegradable and able to maintain the quality of our products within!
As Homer Lundberg says, "No one knows as much as we all know." In fact, Lundberg Family Farms was born of collaboration—among Homer, his brothers, and their father. In this spirit, Lundberg Family Farms is committed to supporting organizations that help protect and improve our planet for generations to come. We are actively engaged in ten organizations that support organic farming, water conservation, and environmental stewardship:

**Organic Farming**

- Organic Farming Research Foundation
- Certified Organic
- Organic Trade Association

**Water Conservation**

- NCWA (Northern California Water Association)
- California Water Association

**Environmental Stewardship**

- One Step Closer
- Organic Sustainable Community

**Local Groups**

- COOP
- [Logo]
Transportation

In 2019, about one third of employees—or 129 people—took part in our alternative transportation program by walking, biking, riding a motorcycle, or carpooling to work at least once. Together, we save almost 72,000 miles of travel and avoided 32 tons of CO2 emissions! As an alternative to personal gas-powered vehicles, we also use electric carts for tours and transport around our facility. In addition, several bicycles and bike racks are made available for employees to use in and around the town of Richvale—many of them from our founders’ personal collection!

Consumer Engagement

We encourage consumers to not only be the change they want to see in the world, but to eat the change they want to see in the world. In an effort to inform their choice, we prioritize consumer outreach and education through active social media channels, influencer partnerships, conferences, webinars, podcasts, publicity, and more. It’s all part of our commitment to communicating the value proposition of not only Lundberg products, but all products created with sustainability in mind.

Labor Practices

At Lundberg Family Farms, our definition of family extends far beyond “family-owned.” It’s a founding philosophy that means we take care of each other. We’re proud to be a rural employer that provides wages and benefits comparable to those available in more urban settings. Employees receive two free products per week, organic fresh fruits and vegetables in the break rooms every day, healthier vending machine options, biannual company store credits, employee discounts, and seasonal flu shots. Beyond that, Lundberg encourages our employees to seek continuous improvement through education, paying for eligible expenses and professional dues. We also offer gym membership discounts, free smoking cessation classes, wellness challenges, and annual events to support employees’ pursuit of a healthy, happy life.

Biodiversity

Buying organic not only means saying no to chemicals and GMOs, it means saying yes to biodiversity, which is part of the organic system! Our fields are home to hundreds of species. During the winter, flooded fields replicate California’s once-abundant wetlands, which have been disappearing for decades as dams and levees were built to protect growing communities from floods. Today, 95% of the wetlands in California’s Central Valley are gone so ducks, geese, swans, sandhill cranes, shorebirds, and other waterfowl depend on rice fields for more than 60% of their nutrition plus a place to rest while they travel the Pacific Flyway. Once they fly away, we return the water to rivers and streams, where nutrients from the fields support the salmon population. Come spring, before we start our tractors to prep the fields for planting, we work with organizations like the California Waterfowl Association to search for duck nests within the fields. We retrieve the eggs from the tractors’ path and transfer them to a local hatchery to be incubated, hatched, raised, and released back into the wild. Since 1993, more than 30,000 ducklings have been rescued from our fields!

Water Management

Water is one of our most important natural resources and a key component of our organic farming practices, so we use it with care. In the fields, we spend a considerable amount of time planning when to apply water, how much, and when to withdraw. It’s an intricate dance to balance weed management, pest control, crop yields, rice quality, and harvest times. Additionally, our facility is equipped with water efficient fixtures including low-flow toilets, waterless urinals, automatic faucets, and water fountains with filling stations to make single-use bottles obsolete.

Climate Change

As Bill Gates recently wrote, “We should discuss soil as much as we talk about coal.” At Lundberg Family Farms, we’re more likely to reference Albert Lundberg’s motto: “Leave the land better than you found it.” Either way, we prioritize soil health, which has been linked to increased carbon sequestration. To better understand our carbon footprint, we have been working with University of California at Davis to analyze how our organic farming system reduces methane emissions. Meanwhile, we remain on the lookout for ways to make our farming systems more sustainable, every step of the way.
CONCLUSION:

GENERATIONS OF CHANGE

At Lundberg Family Farms, we’ve built more than 80 years of earth-friendly farming momentum. But we’re just getting started. Because around here, we take pride in never settling. Always finding a better way. A way to make better food for our consumers while leaving a better world for the next generation. Together, we’ll deliver on our promise to nourish, conserve, and innovate for a healthier world so we can keep growing together for generations to come!