



the

BETTER FUTURE PROJECT

2018

Second Annual Corporate Social Responsibility Report





ABOUT SUN WORLD

Sun World International, LLC has grown significantly since its beginnings over 40 years ago in Bakersfield, CA. We now have vineyards on 6,000 net acres, with an additional 550 acres in recharge ponds and three acres dedicated to future solar projects in California.

As a vertically-integrated produce company, we develop premium grape varieties and then grow, harvest and market them under the *Sun World*® brand. Grapes that are grown by our carefully vetted network of outside growers and international licensees can also be found under the *Sun World*® brand. These exceptionally sweet, premium grapes are enjoyed by consumers around the world.

Our team is composed of 200 full-time employees in farming, cold storage operations, research and development, sales and marketing and administrative functions. We also provide jobs for up to 6,000 seasonal workers each year to help cultivate and harvest our grapes.



our BRAND PROMISE

BETTER FARMS. BETTER FLAVOR.™

At Sun World, grapes bursting with flavor are always the goal. We rely on Mother Nature to help achieve this, but there's more to our grapes that make them special. We use sustainable practices to nourish the vines. We protect the land and environment. We care for our people who are dedicated to their craft. Because we believe that better food, with better flavor, comes from better farms.

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DEAR FRIENDS,

In the Spring of 2017, Sun World launched **The Better Future Project** with aspirations of taking our existing sustainability initiatives to new heights. As stewards of the land and as a company that proudly serves the world's desire for fresh, healthy food, it became a top priority to refine our focus on being a responsible corporate citizen, to set goals toward sustainable operational practices and to make sure we share our successes with those who make what we do possible. We got to work, and our first Corporate Social Responsibility (CSR) report was released with broad enthusiasm in February 2018. **The Better Future Project** focuses on the priorities of our people, our environment and our innovations through metric-based, data-backed goals that have been established by our own team, to track not only our progress, but to also speak transparently about any challenges and lessons learned along the way.

Now, a year later, I am thrilled by the many accomplishments of this project. Our success has been made possible through the efforts of our cross-departmental Sun World Sustainability Committee, our partner farmworkers, scientists, engineers, non-profit organizations and municipalities. Highlights of this second annual report center around supporting new ways to engage our people that have allowed us to see a rewarding return on investment toward individual and organizational wellbeing. I am also excited to share with you the progress our team has continued to achieve in our commitment to reduce our reliance on electricity generated by fossil fuels, enhance our vineyard ecosystems and offer a closer look into the amazing environmental foresight of our variety development program.

In this subsequent report, we also provide a look at what is on the horizon for 2019 and beyond — including broadening our centralized data collection system to include our equally conscientious grower partners in Mexico. I look forward to the many discussions we will have this year that will drive our progress. I also invite you to read our 2017 CSR report, not only for more information on the founding of **The Better Future Project**, but also for a greater understanding of just how far we've come.

Whether you are a customer, vendor, partner, employee or a Sun World grape shopper, thank you for supporting our efforts to deliver the sweetest grapes, sustainably grown.



MERRILL DIBBLE
CEO & PRESIDENT



the BETTER FUTURE PROJECT

Growing grapes has always been our passion. The first seed was planted in 1976 and we have been committed to **Better Farms** and **Better Flavor** ever since. At the core of our success today, and in the future, is the understanding that the way we grow our grapes is as important as the grapes themselves.

WITH THAT AIM, WE ARE CAREFULLY CULTIVATING SUSTAINABILITY BY:

Empowering our People



Protecting our Environment



Innovating for Sustainability



EMPOWERING *our* PEOPLE

From those that care for our vineyards to those that support our business operations, Sun World provides opportunities and resources to expand their wellbeing.

2022 GOALS

Farmworker Initiatives:

Train 2,500 farm workers on skills that support career development and personal wellbeing.

2018 Progress:

- ✓ We are nearly a third of the way to meeting our 2022 goal, with 800+ farmworkers trained in communication, labor rights, ESL, and production best practices.

800 TRAINED

2,500 GOAL

Corporate Initiatives:

Improve overall workplace safety performance of Sun World staff and continue to outperform industry averages.

2018 Progress:

- ✓ We continued to achieve workplace illness and injury ratings well below the industry average* through our company safety program that actively incentivizes safe behavior in the workplace. In 2018, we had zero lost-time accidents.
- ✓ 32 Sun World team members participated in Sun World F.I.T. program which launched in 2017 and expanded in 2018 with subsidized gym memberships.

ON THE HORIZON FOR 2019

Sun World and its partner, CHI (see page 4), will work to:

- Expand training opportunities for farmworkers.
- Pilot a van transportation program to support the mobility of workers to and from CHI job sites.
- Explore partnerships with childcare providers.
- Expand CHI's client base to offer year-round work and career development opportunities.
- Bolster existing efforts to improve worker access to education and health care.
- Continue to advance communication and leadership skills of crew bosses and supervisors.



Over 800 workers were trained in communication, team building, labor rights, English as a Second Language (ESL), and production best practices/job skills.



250 of these workers were trained on workplace rights by the Fair Food Program.



20 supervisors and crew bosses received **16** hours of leadership skills development.



23 workers participated in intensive, 60-hour, ESL classes through the Farmworker Institute for Leadership and Educational Development – **143** workers total since 2016.



60 farmworkers and Sun World employees participated in a free health screening clinic held at Sun World's processing facility in partnership with the Central Valley Farmworker Foundation.

*Source: Bureau of Labor Statistics, <https://www.bls.gov/iif/>

EMPOWERING *our* PEOPLE (continued)

2022 GOALS

Fair Trade USA Certification:

In 2018 Sun World completed a third-party audit to certify its operations under the Fair Trade USA brand, with the goal of offering certified grapes to consumers in 2019. The audit examined Sun World's agricultural and processing operations performance. Over 200 Sun World employees and contracted farmworkers were interviewed and 10 Farm Labor Contractors were audited on operating policies and procedures. The Fair Trade audit process gave us a deeper understanding of the working environment that Sun World provides for our employees and contracted farmworkers and offered an outlook for improvement. The audit also showcased Sun World's commitment to provide a healthy working environment for our team from field to facility.



ON THE HORIZON FOR 2019

In 2019, Sun World grapes can be purchased Fair Trade USA certified at Costco. Sun World will now work to build the democratically selected Fair Trade Committee (FTC), Occupational Health & Safety Committee and Social Engagement Team where farmworkers will be democratically selected to serve. Committee members will be trained on handling workplace issues and how to administer the Fair Trade Premium funds. Crew bosses and workers will also be trained on the worker rights and the International Labor Organization Core Conventions.



EMPOWERING *our* PEOPLE (continued)

DIGGING DEEPER:



California Harvesters, Inc: Raising Standards for Farmworkers

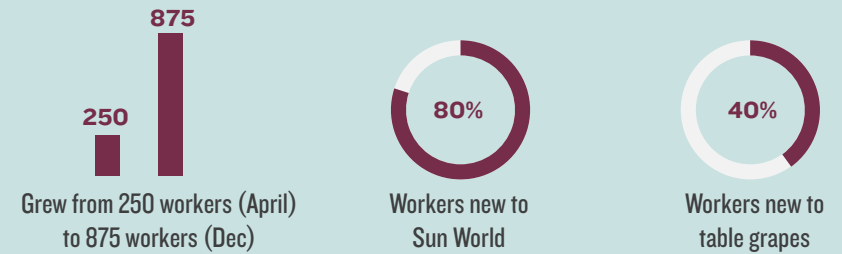
Sun World knows that it takes the very best people to grow the very best grapes. To ensure that we have access to knowledgeable and dedicated workers for our field and processing operations, our parent company, Renewable Resources Group, LLC, helped launch California

Harvesters, Inc (CHI) in 2018. CHI is an independent farm labor company that benefits workers, connects growers with high quality farm labor and also offers a solution to the labor shortage that has afflicted the agricultural industry in recent years. CHI attracts workers by providing them with higher wages, job skills and soft skills trainings, a worker safety program and human resources support.

Since it launched in April 2018, CHI's reputation as "an employer of choice" has grown and the company expanded from 250 workers to 875 in December 2018. CHI's initial success has provided Sun World with a new pool of workers, increased productivity and improved field safety.

Additionally, CHI invited an independent audit by the Fair Food Standards Council (FFSC) to assess its progress in meeting the needs of farmworker employees. The audit provided confirmation of the efficacy of the programs it introduced in year one and an understanding of ways to improve communication between staff, crew bosses and their teams, which CHI is committed to implementing in 2019. CHI also plans to expand and diversify its client base and continue to provide training and support to ensure respectful and productive workplace environments.

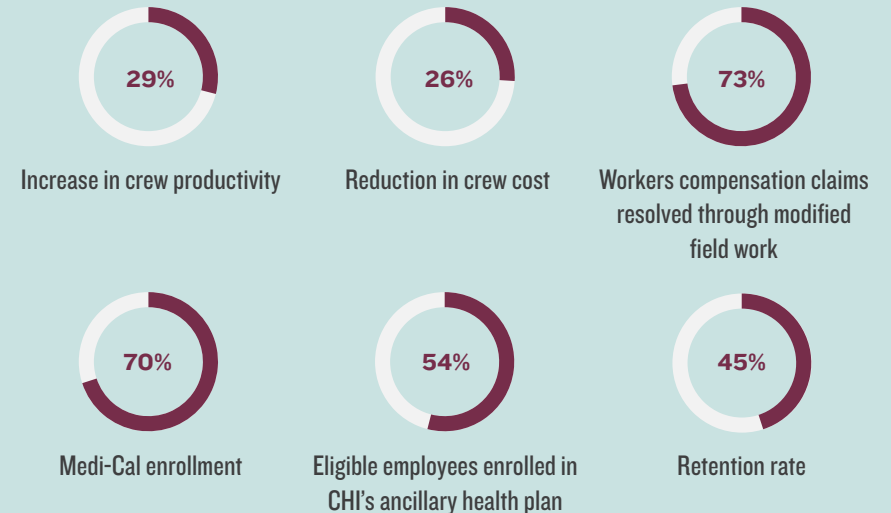
How CHI Combats the Labor Shortage Crisis:



CHI 2018 Baseline Performance Metrics:

In its inaugural year, CHI established baseline performance metrics to help track and improve its operational performance for its business, its client growers and its employees.

3 Grower Clients



CHI EMPLOYEE FEEDBACK

- “ Here I see a change. **Women are respected**, and they pay attention [to workers]. ”
- “ This is the first company that **cares about us**. ”
- “ I like working here because **workers are treated well**. They treat you like a human. ”
- “ After attending the CIW education session, a new female hire said, 'I have never been present for an escuela of that quality. It makes me feel like **the company cares about workers**.' ”

PROTECTING *our* ENVIRONMENT

Sun World is committed to producing the highest quality grapes with sustainable agricultural and operational practices.

2022 GOALS

Water Conservation:

Advance water conservation by sourcing 75% of our dry-year water supply from water that we recharged to the groundwater table in wet years by 2022, and continuous improvement in water use efficiency.



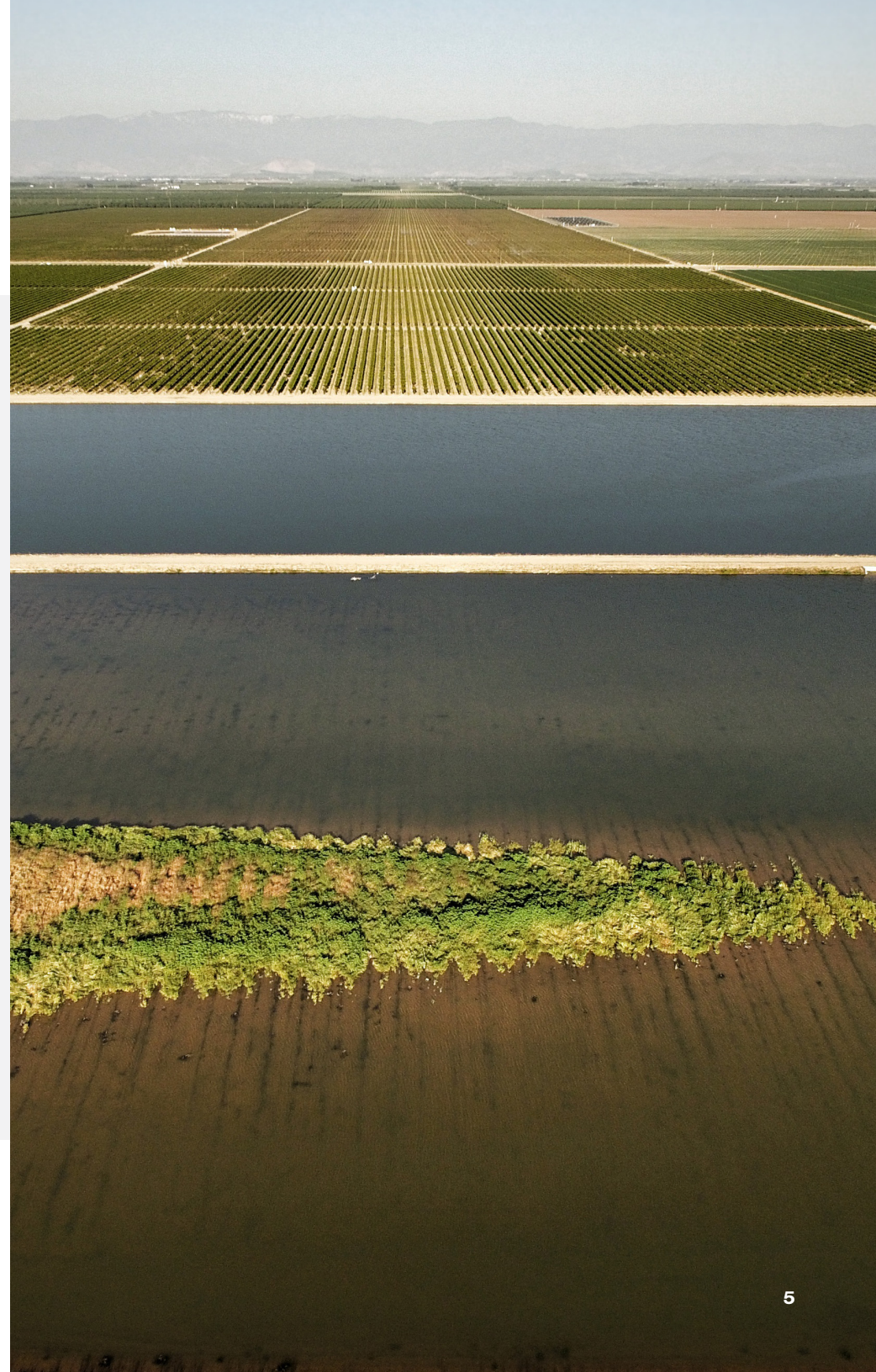
GOAL MET FOR 2018!

2018 Progress:

- ✓ We have by far exceeded our goal of sourcing 75% of our dry-year supply from our water recharge program. However, rainfall is an annual moving target in California and we will continue to update our goal progress.
- ✓ In partnership with our sister company, Homer LLC, Sun World set aside 1,150 acres exclusively for water recharge basins (up from 550 acres reported in 2017).
- ✓ Through our efforts to date, our recharge program has realized water pumping energy cost savings of about \$3 million.

ON THE HORIZON FOR 2019

In 2019, complete construction on over 120 acres of additional land for recharge basin use and continue water recharge efforts.



DIGGING DEEPER:

WATER CONSERVATION

The southern San Joaquin Valley receives an average of about 6 inches of rainfall in a year (compare this to the average rainfall in Seattle at 37 inches per year). Yet we have the most fertile lands and temperate climates that provide ideal conditions to grow nutritious vegetables, nuts and fruits to feed the world's growing population. Luckily California came equipped with underground water aquifers, or groundwater basins. When we have historical rainfall, like that in 2017, nature has a place to store extra water. However, with such little rainfall on average, and the expanding global need for food production, coupled with increased periods of severe drought due to climate change and historically poor management of regional groundwater supplies, our water basins are increasingly depleted.

Although, countless growers, including Sun World, have acted on individual levels by utilizing the most efficient irrigation technology available, Sun World is aware that more effort is needed and is working toward this with our sister company, Homer LLC to store water to create a sustainable supply of irrigation water in times of need.

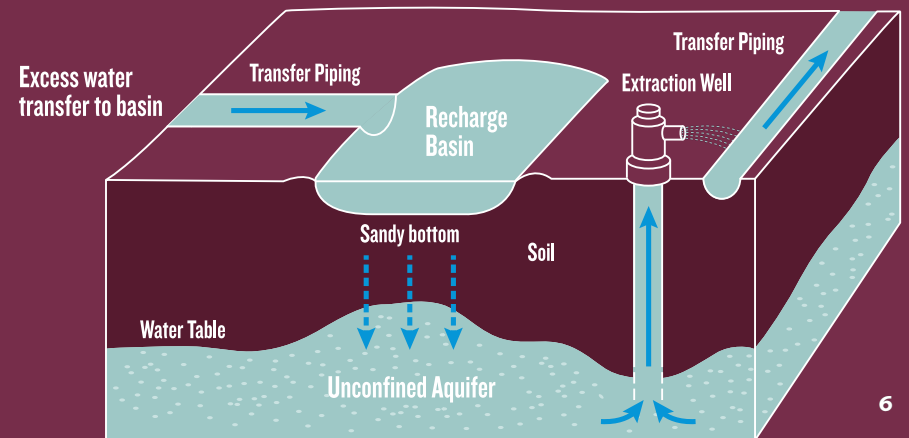
Our water recharge program began in 2016. The historically wet year in 2017 followed by a below average water year in 2018 allowed the Sun World and Homer water basins to capture over 175,000 acre-feet of water (up from 120,000 reported in 2017). To put it in perspective, this volume of water is roughly equivalent to the volume necessary to support Sun World's entire Central Valley water needs for 29 years.

This water is shared with the local community to help provide critical water resources to our neighbors. Depending on the project, we donate 10 to 50 percent of the recharged water to local needs, including, improving the overall health and sustainability of the underground aquifer system.



How Water Banking Works

Sun World and local community water use



“ Hydrology is increasingly erratic and aging dams are not sufficient to regulate the volatile flows. Water banks provide the needed backup to capture water when it is available. ”

DAVE DORRANCE, PRINCIPAL
HOMER LLC





PROTECTING *our* ENVIRONMENT (continued)

Renewable Energy:

Generate 10% of power from renewable sources to reduce our dependency on power generated from fossil fuels.

2018 Progress:

- ✓ Secured financing to develop 921 kW of on-farm solar to offset energy use.
- ✓ Planned solar energy installations for our new Variety Development Center.
- ✓ Piloted a 100kW biomass energy conversion technology to power an on-farm well pump. The technology uses pistachio shells as fuel and through a high-heat combustion process, converts the biomass into a renewable energy gas that powers the pump and produces zero emissions.

10% GOAL

ON THE HORIZON FOR 2019

- Begin construction of on-farm and facility solar installations.
- V-Grid Pilot – utilize biomass conversion to power one of our ground water wells when pre-harvest activities begin in the Spring of 2019.



PROTECTING *our* ENVIRONMENT (continued)

DIGGING DEEPER:

RENEWABLE ENERGY

Greenhouse gases (GHGs) are gases in the atmosphere that capture solar radiation and warm the surface of the earth. Without GHGs, the temperature of the earth would be about minus 2 degrees F rather than its current temperature of about 61 degrees F¹. NASA and the Environmental Protection Agency have noted concern in the rapid concentration of GHGs, accumulated exponentially since the industrial revolution, has caused an increase in the earth's temperature, thereby melting ice caps, raising sea levels and creating increasingly extreme weather conditions. The Environmental Protection Agency states the largest source of greenhouse gas emissions from human activities in the United States is from burning fossil fuels for electricity, heat and transportation.²

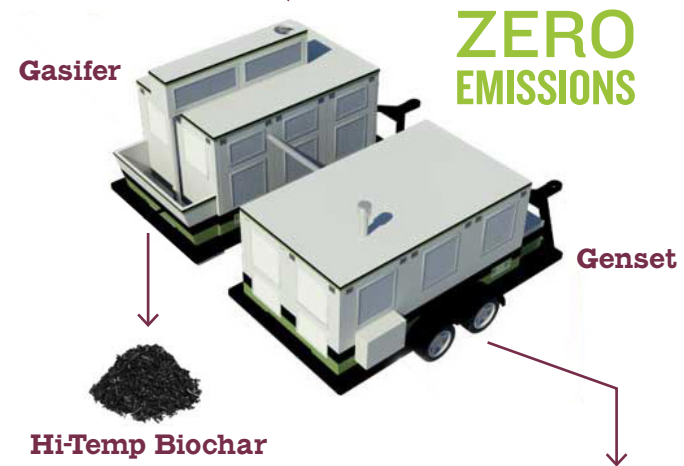
Sun World believes we must all do our part to combat the issue of climate change and is committed to reducing our reliance on coal-based fuel. We are making progress on installing on-farm solar to electrify our water pumps and will also utilize solar to power our new processing and R&D facility, slated for construction in late 2019.

In addition, Sun World is piloting new technologies that work for our unique growing region. For example, Sun World has piloted a biomass energy conversion technology manufactured by V-Grid Energy Systems. V-Grid's Genset gas system is a mobile trailer-sized unit that can electrify our water pumps by feeding the unit with biomass waste. Biomass waste is in abundant supply in our growing region, including on-farm vine prunings, non-producing trees, or almond and pistachio shells from neighboring processing facilities. The unit emits zero emissions and offers a byproduct called Biochar, a high-grade carbon that can be used for a variety of beneficial means such as water filtration. The V-Grid technology pilot has thus far successfully produced biochar and we are slated to power one of our well pumps in 2019.

Biomass Energy Conversion Technology



BioEnergy Servers are powered by our region's agricultural waste



Biochar output is used to improve soil health



Clean energy is produced and used for irrigation

¹<https://www.space.com/17816-earth-temperature.html> and <https://extension2.missouri.edu/g310>

²<https://www.epa.gov/ghgemissions/sources-greenhouse-gas-emissions>

Cover Crops Attract and Support Wildlife While Improving Crop Production



BIRDS

BEES

BUTTERFLIES



CALIFORNIA FUCHSIA



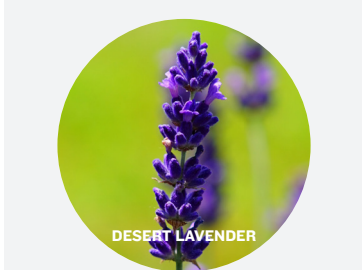
MUSTARD



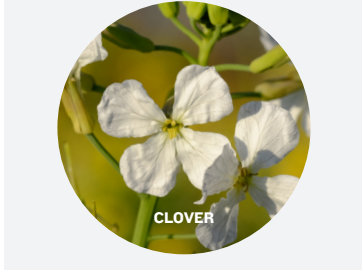
PACIFIC ASTER



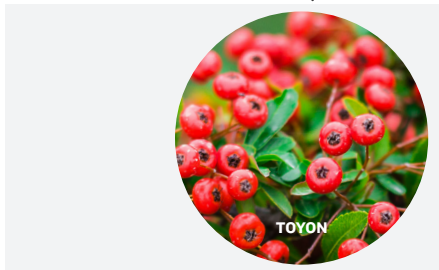
GERMANDER



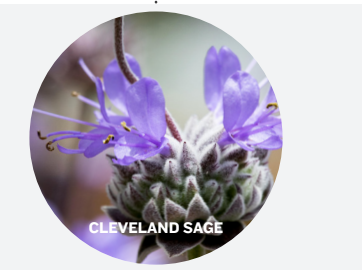
DESERT LAVENDER



CLOVER



TOYON



CLEVELAND SAGE

PROTECTING *our* ENVIRONMENT (continued)

Soil and Bee Health:

Plant 50% of acres with cover crops and hedgerows to support soil health and at-risk bee populations.



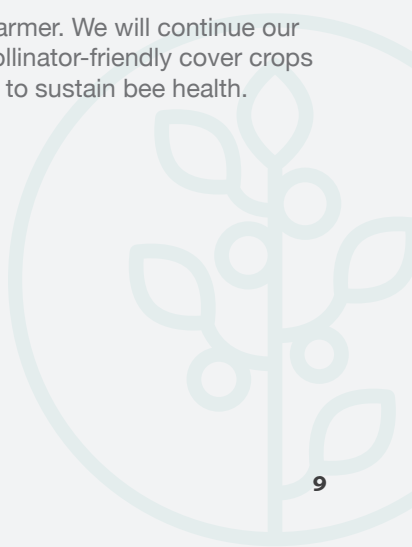
GOAL MET FOR 2018!

2018 Progress:

- ✓ Sun World has planted 52% of our acreage in cover crops that will help maintain optimal soil health.
- ✓ Included in the cover crops are 1,800 newly planted forage floras for bees, butterfly species (including the imperiled Monarch butterfly) and insect and rodent-eating birds (such as owls) to provide pest control. This new investment in cover crops helps enhance the health and vitality of bee colonies, at-risk butterflies and other beneficial friends in nature.
- ✓ Continued to work with our partner, Project Apis m. in supporting their work to enhance the health and vitality of honey bee colonies while improving crop production.

ON THE HORIZON FOR 2019

Sun World is proud to be certified as a Bee Friendly Farmer. We will continue our investment in establishing more acreage with these pollinator-friendly cover crops that attract bees, butterflies and birds and do our part to sustain bee health.



INNOVATING *for* SUSTAINABILITY

Sun World is leading the way to deliver the most responsible, healthy and flavorful produce from vine to table.

2022 GOALS:

Variety Development:

Continue to develop non-GMO grapes with higher yield, lower inputs and water use.

The best grapes come from the best vines. Sun World is one of a very limited number of private grape breeder programs in the US, and we are proud of our work of cultivating grape varieties that offer:

- More flavor and juiciness
- Higher yield with same amount of water
- Greater resistance to common grape vine diseases and pests
- Reduced need for chemicals and hand labor for thinning, sizing and coloring
- Non-GMO certification by The Non-GMO Project

3 pillars of development of high yielding, non-GMO grapes:



Vine development that creates higher yield without increasing the need for inputs and water use



Product transparency and communication about production practices



Data-driven sustainability benchmarks, measurement and reporting

The new challenge Sun World is increasingly observing in variety development is climate change. We have seen the potential impact that climate change can have on the quality of fruits and vegetables, and it is something we are paying close attention to in the breeding program.

ON THE HORIZON FOR 2019 AND BEYOND

Growing Organic Grapes:

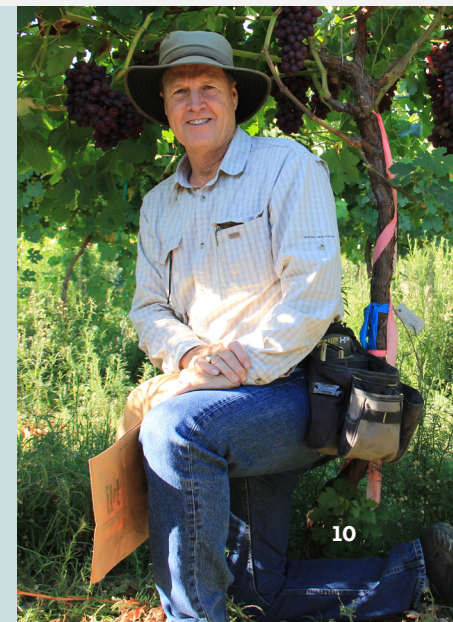
- In 2016, we initiated a three-year process to convert a portion of our conventional acreage to organic following the National Organic Program guidelines. We are expecting our first certified organic harvest in 2019.
- In 2019 we are converting additional existing land into certified organic, to offer a total of 800 acres of delicious organic varieties.

Variety Development:

- In 2020, as part of our commitment to growing grapes that require less inputs, we are commercially planting two varieties that are resistant to common grape vine diseases.







“ We are leading the way amongst breeders to bringing sustainable, nutritious and flavorful grape varieties to consumers. We have been doing this work of developing grower-friendly vines for decades and now more and more retail and consumers are coming on to these superior varieties. It makes us feel good about our work. ”

TERRY BACON, VP OF VARIETY DEVELOPMENT
SUN WORLD



INNOVATING *for* SUSTAINABILITY (continued)

For decades, grape growers have been planting 2-3 main commercial varieties such as Flame, Crimson and Thompson. Sun World now has over 10 superior quality varieties in commercial plantings or in development. Here is how Sun World's new commercial varieties compare to the mainstays:

Mainstay Variety	Sun World Variety	Grape Description	Comparison
<p>Autumn Royal</p> 	<p>ADORA SEEDLESS® Brand (Sugra 34 Variety)</p> 	<p>Late-season black seedless variety</p>	<p>ADORA SEEDLESS® reduces the need for fertilizer, hand labor to thin and size grape bunches, has virtually no seed trace (Autumn Royal has a large seed trace) and is ready for harvest three weeks later into the late season when no other black grape is available.</p>
<p>Flame</p> 	<p>SUGRA53 (new variety in development to be planted in 2020)</p> 	<p>Early-season red seedless variety</p>	<p>SUGRA53 reduces the need for fertilizer and hand labor to thin and size grape bunches.</p>
<p>Thompson</p> 	<p>AUTUMNCRISP® Brand (Sugra35 Variety)</p> 	<p>Late-season green variety</p>	<p>AUTUMNCRISP® doubles yield while keeping irrigation rates the same, and reduces the need for inputs by up to 70% including hand labor to thin and size grapes bunches.</p>

CONTINUED CULTIVATION

While we are proud of the progress we have made, we will continue to work toward our goals and expand our efforts.

Diverting Landfill Waste

In 2018, we conducted a detailed audit of our waste and recycling practices and met with each of our waste vendors to learn about areas where we can improve in landfill diversion rates. Where needed, we added more recycling bins and removed trash/landfill bins to encourage proper waste disposal. We learned that our program is already operating at our highest level of efficiency in recycling our cardboard, metal, used oil and empty pesticide containers. We continue to explore trainings and partnerships that help reduce waste and increase recycling in the long-term and are excited to report our findings in future CSR publications.

Packaging Supplies

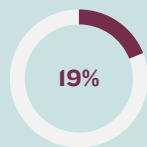
In 2017, we conducted a detailed audit of the packaging supplies we purchase from third party vendors. This audit allowed us to assess the material composition of our packaging supplies, including their recyclable content and how much is made out of post-consumer recycled materials. We will continue to explore options for incorporating biodegradable materials as government regulations and customer requirements allow.



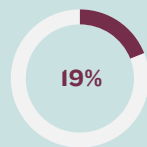
Packaging Materials:



of our packaging, by mass, is recyclable.



is made up of post-consumer recycled material.



has demonstrated quantified environmental impact reduction.





CONTINUED CULTIVATION (continued)

Product Transparency

We believe that being open about our approaches, sharing best practices and partnering with other organizations has helped us find ways to share sourcing and product information on our packaging and on our website. To this end, we give consumers valuable information about heart health benefits and nutritional value, along with the assurance that our grapes meet the guidelines set by the Non-GMO Project.



Data Collection

Data serves as an integral part of Sun World's sustainability program. Data allows us to set goals and assess progress on our goals supported by hard numbers and tangible results. At the same time, retail customers and buyers are increasingly requesting data on resource inputs and environmental impacts to help inform their sourcing decisions and priorities. Although data is traditionally tracked in non-uniform ways within individual departments and various growers, the large task of centralizing our operational data is a challenge that Sun World is committed to. Centralizing our data allows Sun World to not only stay competitive, but also be seen as a leader in sustainable operational practices by annually tracking key performance indicators such as GHG emissions, crop inputs and waste diversion on clear timelines. And in 2019 we are designing a process to collect similar data from our equally conscientious licensed grower partners in Mexico.



Our thoughtful approach has helped deliver quality grapes to our consumers for over 40 years and we believe that cultivating our People, Environment and Innovation will support our continued success in providing Better Farms and Better Flavor.



BETTER FARMS.
BETTER FLAVOR.™

SUN-WORLD.COM

