

The background of the entire page is a photograph of an orchard. The trees are arranged in neat rows, and their leaves are a mix of green and yellow, suggesting an autumn setting. The ground is covered with fallen leaves. In the top left corner, there is a bright sunburst effect with rays of light. A large, semi-transparent yellow leaf graphic is overlaid on the right side of the image, extending from the top right towards the bottom center. In the bottom left corner, there is a large, semi-transparent yellow arrow pointing upwards and to the right, which serves as a background for the title text.

2020 Sustainability Report

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Many photos in this report were taken prior to the COVID-19 pandemic. As a result, they do not show the required social distancing and personal protective equipment that are currently in place at all Calavo facilities.



Letter from the CEO



I am proud to introduce Calavo's third annual sustainability report, covering our environmental, social and governance (ESG) performance for 2020. Last year was one like no other we've experienced in our lifetimes; however, while the year was dominated by the COVID-19 pandemic, it afforded Calavo an opportunity to evaluate how our ESG initiatives play a key role in advancing our company as a worldwide leader in fresh produce and prepared foods and expand upon our sustainability practices.

Calavo seized the opportunity to look holistically at our business and launch a "One Company" priority, wherein Calavo's business units joined forces to optimize synergies and elevate the Calavo name across all three. By combining the deep legacy and influence of the Calavo brand with the innovation and expertise of our Fresh, Foods, and Renaissance Food Group (RFG) divisions, we formed one cohesive, industry-leading enterprise and collectively advanced our ESG efforts across all Calavo operations.

In anticipation of a return to "normal," Calavo continued to build upon our sustainability and social responsibility initiatives to position us for long-term growth. Three key examples implemented in the past year highlight our continued commitment to advancing ESG at Calavo:

- We formed the Sustainability and Corporate Responsibility Committee of the Board of Directors to assist the Board in fulfilling its responsibility for the oversight of relevant sustainability and corporate social responsibility policies, strategies and programs;
- We established our first carbon footprint analysis with 2019 as a baseline year. We know that climate change and Calavo's ability to mitigate carbon risk is a top priority for investors, and this project sets the stage for us to develop a long-term carbon reduction roadmap aligned with science-based targets; and

- We aligned with a group of the world's largest food retailers and providers to eliminate food waste from the supply chain. As part of our involvement, Calavo has committed to a 50 percent reduction target within our own operations, and to measure and publish our food loss and waste inventories on an ongoing basis.

All of these initiatives are described in more detail on the following pages, along with information on additional efforts, such as our cybersecurity upgrades, our new Corporate Social Responsibility Manager in Mexico, and a program to reduce overtime to promote work/life balance.

Perhaps most exciting is that we are ramping up our strategic investments in environmental projects. In 2021, Calavo is committing over \$4 million for waste reduction, water conservation, recycling and energy control projects over the next four years. Not only will these investments improve our sustainability performance, they make good business sense – with an average payback time of two years.

We are excited to continue this sustainability journey in partnership with our stakeholders. Thank you for your encouragement, your persistence, and your support as we continue to find new ways to improve and innovate to create a fresher, healthier and more sustainable world for us all.

A handwritten signature in black ink, appearing to read "James E. Gibson". The signature is fluid and cursive, written on a white background.

James E. Gibson, Chief Executive Officer



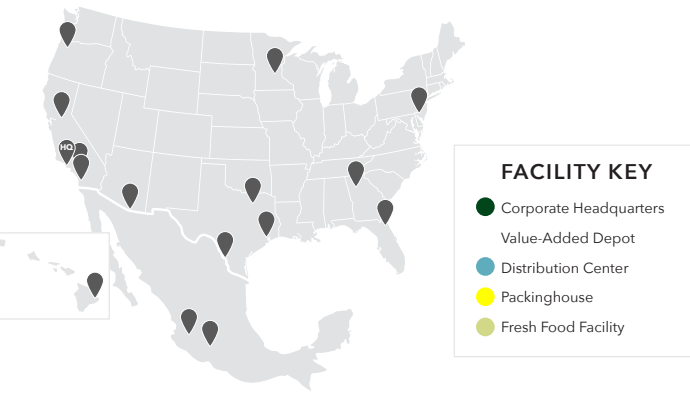
About Calavo

Calavo Growers, Inc. is a global avocado-industry leader and pioneer in the value-added fresh foods sector serving retail grocery, food service, club stores, mass merchandisers, food distributors and wholesalers worldwide via three business segments.

guacamole, salsa and other avocado-based foods. Founded in 1924, Calavo's fresh food products are sold under the respected Calavo brand name as well as Garden Highway, Chef Essentials and a variety of private label and store brands.

The Fresh segment procures and markets fresh avocados and select other fresh produce (tomatoes and papayas). The Renaissance Food Group segment creates, markets and distributes a portfolio of healthy, fresh foods, including fresh-cut fruit, fresh-cut vegetables and prepared foods. The Foods segment manufactures and distributes

We operate out of 19 facilities located in the U.S. and Mexico. Our facilities include value-added depots, housing our ripening rooms as well as cooling and storage for fresh and processed avocado products; packinghouses dedicated to cooling and storage of fresh avocados; and fresh food facilities where we produce fresh-cut and processed food items.



- Keaau, HI
- Clackamas, OR
- Sacramento, CA
- Santa Paula, CA
- Riverside, CA
- Temecula, CA
- Nogales, AZ
- Guzman, Jalisco, MX
- Uruapan, Michoacán, MX
- Laredo, TX
- Garland, TX
- Houston, TX
- Saint Paul, MN
- Conley, GA
- Green Cove Springs, FL
- Swedesboro, NJ

Our Workforce

		2018	2019	2020
Permanent Employees	United States	1,222	1,569	1,635
	Mexico	1,752	2,071	2,101
	Total	2,974	3,640	3,736

For more information

Additional information regarding our operations, corporate governance and financial performance can be found on our corporate website, ir.calavo.com.

Our Sustainability Approach



Calavo's sustainability strategy includes a commitment to long-term ecological balance, environmental soundness and social equity throughout our enterprise. Sustainability is embedded into all of our decision-making processes and capital considerations, whether they occur within our own packing, value-added distribution and manufacturing operations or extend to the thousands of individual growers and suppliers from whom we source.

Material Topics

In 2018, we undertook our first materiality assessment, from which our sustainability framework was created. In 2020, we reviewed our materiality results using the "five factor test" from the Sustainability Accounting Standards Board (SASB) and decided to add two new topics to this year's report: our COVID-19 response (page 17) and our approach to cybersecurity (page 18). To better align with the SASB Processed Foods standard, we have also included SASB indicators in the ESG Tearsheet on page 27.

SASB Five Factor Test for Materiality:

- 1. Financial Impacts and Risk:** Will the topic have a direct impact on financial performance?
- 2. Legal, Regulatory and Policy Drivers:** Will existing, evolving or emerging regulation influence company actions?
- 3. Industry Norms and Competitive Drivers:** Will peer actions or industry trends create pressure for the company to act to remain competitive?
- 4. Stakeholder Concerns and Social Trends:** Will stakeholders raise concerns that could influence financial or operational performance, or create disruptions to business viability?
- 5. Opportunities for Innovation:** Will new products and business models drive market expansion or have the potential for a disruptive change that provides competitive advantage?

Sustainability is embedded into all of our decision-making processes and capital considerations

Accountability for Sustainability Performance

Calavo's Sustainability Council includes representatives from each of the Company's primary business units and is responsible for the implementation and direction of our sustainability strategy. The Sustainability Council reports to an Oversight Committee led by Calavo's CEO and CFO. The responsibility of the Oversight Committee is to review and approve sustainability goals and progress towards goals, as well as review the company's annual published sustainability report.

In 2020, Calavo created the Sustainability and Corporate Responsibility Committee of the Board of Directors to assist the Board in fulfilling its responsibility for the oversight of relevant sustainability and corporate social responsibility policies, strategies and programs. Among the committee's authority and duties:

Sustainability and Corporate Responsibility Policies, Strategies and Programs. The Committee oversees and provides input to management on policies, strategies and programs related to matters of sustainability and corporate responsibility, including, but not limited to, diversity, equity and inclusion goals and charitable giving policies.

External Trends. The Committee considers, analyzes and provides input to management on social, political and environmental trends in public debate, public policy, regulation and legislation and consider additional corporate social responsibility actions in response to such issues.

Performance Goals. The Committee shall review the goals that Calavo establishes for its performance with respect to matters of sustainability and corporate social responsibility and monitor the company's progress against those goals.

Reputation and Relationships with Stakeholders.

The Committee receives periodic reports from management regarding relationships with key external stakeholders that may have a significant impact on the Company's business activities and performance.

Risk Management. The Committee oversees and provides input to management on the Company's identification, assessment and management of risks associated with sustainability and corporate responsibility issues, including, but not limited to, climate change and food safety.

Philanthropy. The Committee reviews our charitable giving policies and programs and receives reports from management on charitable contributions made by Calavo.

Reporting and Disclosure. The Committee reviews sustainability and corporate responsibility reports.

Shareholder Proposals. The Committee reviews shareholder proposals relating to public policy, sustainability or corporate responsibility issues and recommends responses to the Board. The Committee also works with the Nominating and Corporate Governance Committee to determine the appropriate level of engagement with shareholders and other interested parties concerning sustainability and corporate responsibility issues.



Stakeholder Engagement

Due to COVID-19 disruptions, our stakeholder engagement efforts looked a little different in 2020. We shifted much of our activities online and paused several onsite visits until travel could resume as normal. Still, we were able to meet with key stakeholders in a number of ways, illustrated by the table below.

Stakeholder Group	Priority Concerns	How We Engage	2020 Examples
Customers	<ul style="list-style-type: none"> • Safe, nutritious food • Reliable delivery and adherence to product specifications • Innovative packaging options • Sustainable supply chain management 	<ul style="list-style-type: none"> • Customer tours • Tradeshows • Sustainability-related questionnaires and scorecards 	<ul style="list-style-type: none"> • Conducted desktop-style social responsibility audits per customer request • Participated in Project Gigaton survey
Employees	<ul style="list-style-type: none"> • Safe and healthy workplaces • Fair wages and good working conditions • Opportunities to give back 	<ul style="list-style-type: none"> • Open door policy • Performance reviews • Skills training and development • Ongoing engagement through email, internal newsletters and town hall meetings 	<ul style="list-style-type: none"> • Launched corporate-wide newsletter “The Inside Scoop” in October 2020, with a dedicated sustainability section in each edition • Provided a wellness box to all employees containing merchandise from our insurance providers and other health and wellbeing partners
Investors	<ul style="list-style-type: none"> • Shareholder value • Integrity and business ethics • Strategic management of environment, social and governance (ESG) issues 	<ul style="list-style-type: none"> • Annual Shareholders Meeting • Quarterly earnings calls • Sustainability report • Sustainability-related questionnaires and scorecards 	<ul style="list-style-type: none"> • Formed Sustainability and Corporate Responsibility Committee of the Board of Directors • Incorporated ESG updates into quarterly earnings calls
Industry Groups	<ul style="list-style-type: none"> • Engagement on relevant public policy issues 	<ul style="list-style-type: none"> • Membership in industry associations • Leadership positions in working groups, boards and advisory groups • Conferences, webinars and other meetings 	<ul style="list-style-type: none"> • Participated in virtual trade shows, conferences and industry networking sessions to continue advancing the industry and address COVID-19 related issues • Joined Sustainable Packaging Coalition • Company representatives serve on the Board of Directors for the Hass Avocado Board and the United Fresh Produce Association Board of Directors Executive Committee.

Memberships and Associations

Calavo is proud to be an advocate for sustainability within our industry through our membership in the following organizations:

MEMBER OF Sustainable Packaging Coalition (SPC) is a membership-based collaborative that brings packaging sustainability stakeholders together on subjects as wide-ranging as compostable packaging, circular packaging systems, recycled materials standards and multi-material flexible packaging recovery.

Produce Marketing Association (PMA) is a trade organization created to strengthen the global produce and floral community to grow a healthier world. As an organization, PMA focuses on: demand creation, industry talent, global connections, science and technology and sustainability.

UNITED FRESH PRODUCE ASSOCIATION brings together members across every segment of the supply chain to: build solid industry relationships; empower industry leaders to shape sound government policy; deliver resources companies need to succeed; and provide training and development to individuals to advance their careers in produce.



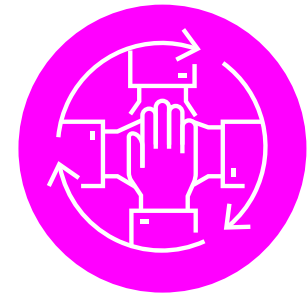
Organic Produce Network (OPN) aims to inform, educate, and connect through a series of events designed to bring together various components of the organic growing community, including: in-person get-togethers, webinars and podcasts, workshops and programs and digital resources.



California Avocado Commission, created in 1978, strives to enhance the premium positioning of California avocados through promotion, public relations and engaging in related industry activities. The California Avocado Commission provides educational support and legislative updates to California farmers, as well as nutritional information to consumers.



Mexican Hass Avocado Importers Association (MHAIA) is an industry organization dedicated to supplying consistent high-quality avocados throughout the year, comprised of subsidiary companies Avocados from Mexico (AFM) and a joint venture between Mexican Avocado Producers & Packers (APEAM A.C.). Under agreements, MHAIA and APEAM have combined resources to fund and manage AFM and provide an effective and efficient avocado marketing program in the United States. The Association plays an integral role in reforestation efforts in Mexico, raising environmental awareness for future generations and investing in the educational quality of children.



Calavo is proud to be an advocate for sustainability within our industry



Facilities & Operations

Energy & Emissions

At Calavo, our commitment to environmental responsibility includes carefully managing energy use at our facilities. Depending on the type of facility, our approach varies and may include initiatives such as:

- Replacing overhead lighting with LED fixtures and installing occupancy sensors
- Retrofitting and/or upgrading packing and processing equipment
- Conducting energy audits to identify opportunities to reduce energy use
- Implementing energy-smart activities such as precision agriculture processes and routine equipment and vehicle maintenance

2020 Energy & Emissions Highlights

- We undertook our first corporate carbon footprint, calculating our direct and indirect greenhouse gas emissions (see table below). This baseline provides us with a starting point to measure future carbon reduction initiatives on our journey to net-zero.
- During 2020, two facilities in Santa Paula, California were converted to 100% LED lighting, encompassing a total of 92,000 square feet. In addition, 18 motion sensors were installed that will save energy in warehouse space that is used infrequently. Additional conversions are scheduled for 2021. At year-end we had 942,874 SF served by LED lighting, covering 68% of our total manufacturing space.
- In September, we installed an electric vehicle charging station at our corporate headquarters, giving eco-conscious consumers preferential parking spaces and free top-ups to make their commutes a little greener.

Energy Performance Data (GJ)

	2019	2020
Electricity	169,971	159,622
Natural Gas	13	11
Gasoline	1,484	792
Diesel	18,476	16,878
Propane	6,886	394
Total Energy	196,830	177,697

Emissions Performance Data (tCO₂e)

	2019	2020
Natural Gas	660	568
Refrigerants	20,214	20,214
Gasoline	104	56
Diesel	1,303	1,190
Propane	394	371
Total Scope 1 Emissions	22,675	22,399
Electricity	18,482	17,198
Total Scope 2 Emissions	18,482	17,198



CASE STUDY: Understanding Water Risk

Ten of our manufacturing facilities, representing 60 percent of our total water use, are in areas with high baseline water stress, which measures the ratio of total water withdrawals to available renewable surface and groundwater supplies. As the effects of climate change, population density, and competition for water resources increase over time, Calavo will be focusing its water optimization efforts on its facilities in Arizona, California, Florida, Georgia, Texas, and Jalisco (Mexico).

More than 99 percent of the water we withdraw is used for washing produce, cleaning our processing equipment and office sanitation and hygiene needs. Less than one percent is consumed in our products. As a result, water recycling and reuse processes and technologies are the biggest opportunities for reducing our water use in the future.



2020 Waste and Water Highlights

- Calavo joined a group of the world’s largest food retailers and providers to eliminate food waste from the supply chain. The 10+ food retailers and providers lead the groundbreaking “10x20x30” initiative, with each having engaged at least 20 suppliers to halve food loss and waste by 2030. As part of our involvement, Calavo has committed to a 50 percent reduction target within our own operations, to measure and publish our food loss and waste inventories, and to take action to reduce our waste. We will be sharing our first data point on food waste next year.
- Calavo de Mexico recycled 163,046 kg of cardboard, saving 2,040 trees, 3,120,000 liters of water and 492,000 kWh of energy.
- Beginning in August of 2020, our processed guacamole plant has worked with a local avocado oil producer who takes 100% of the by-product seeds and skins. In the first five months, 3,073 metric tons of seeds and avocado skins were taken for oil, negating the need to compost these by-products.

Waste & Water

Calavo seeks to minimize pollution to land, water and air because we understand that responsibly managing our waste streams is important to our business and to the communities in which we operate. Each facility is subject to different legal and regulatory requirements and has different waste and water opportunities and challenges; however our approach remains consistent.

- **Solid Waste:** Every facility has a program for managing solid waste and recycling. To the extent possible, we aim to divert waste away from the landfill to recycling, reuse or composting.
- **Hazardous Waste:** All of our facilities are required to obtain and maintain relevant permits for the storage and transfer of hazardous waste, and we have policies and management systems in place at facilities to ensure materials are stored, labeled and handled properly.

- **Spills:** We have procedures in place for spills, including roles and responsibilities, emergency notifications and mitigation steps.
- **Wastewater:** Wastewater is tested at Calavo’s facilities in accordance with local and state requirements. We discharge to onsite wastewater treatment systems and municipal treatment systems, depending on the location of our operations.
- **Air Emissions:** Each facility maintains the relevant permits for air quality. When necessary, air quality equipment and technology is installed to ensure we are always within allowable emissions.

Water Use (thousand m3)

	2019	2020
Water Withdrawn	143.8	142.0
Water Consumed	0.20	0.37



People & Communities

2020 Workforce Highlights

- Over a 16-week period, we implemented a strategy to reduce the use of overtime work in our Mexican facilities. At the end of the project (and continuing through the rest of the year), the percent of employees working overtime hours each week went from approximately 12% to effectively zero.
- At our facility in Uruapan, Mexico, one of our core values is “passion for excellence”. We asked workers to nominate a colleague whom they would recognize for living the passion for excellence value. The 10 colleagues with the most mentions were invited to a ceremony where they were honored and awarded a statue like the one presented at the Oscars.
- Calavo worked with USEM Ciudad de Mexico, an association of socially-aware leaders and entrepreneurs, to assess the quality of life of our Mexican workers and their families against 52 indicators aligned with the United Nations Sustainable Development Goals. The analysis helped us pinpoint community investment needs, resulting in Calavo’s financial and personnel support in 2020 for infrastructure and sanitation improvements in the communities where our workers live.

Fair Labor

At Calavo, our success depends on our ability to recruit and retain a qualified workforce. That means offering competitive wages, generous health

benefit options including 401(k), onboard training and opportunity for advancement—all of which contribute to productivity and performance.

Fair Wages

	2020 Legal Minimum Wage	2020 Calavo Starting Wage
USA (USD\$/hour)		
Arizona	\$12.00	\$12.80
California	\$13.00	\$14.00
Florida	\$8.56	\$11.00
Georgia	\$7.25	\$11.50
Hawaii	\$10.10	\$10.30
Minnesota	\$10.00	\$12.30
New Jersey	\$11.00	\$15.45
Oregon	\$12.00	\$13.50
Texas	\$7.25	\$10.50
Mexico (Mex\$/day)		
Jalisco	\$123.22	\$202.46
Michoacan	\$123.22	\$200.73



Human Rights

Our Code of Business Conduct and Ethics provides the following protections for all of our workers: prohibition on discrimination and harassment based on age, race, color, sex, sexual orientation, religion, national origin, ethnicity, disability, pregnancy, family status or any other legally protected status.

Calavo is also committed to responsible sourcing, including a supply chain free from forced labor and human trafficking. We expect our suppliers to lawfully conduct their business with the same standards of integrity and ethical behavior as we do, and to protect the human rights of their employees and to treat them with dignity and respect.

Our supply chain requirements include prohibiting the use of forced labor or child labor, preventing

harassment, abuse and violence, and discrimination, ensuring a safe and healthy work environment, providing freedom of association and collective bargaining, complying with the minimum wage and benefits required by law, ensuring working hours do not exceed the maximum set by applicable law, and operating in strict compliance with all applicable laws and regulations in effect where the supplier does business.

A process is in place for workers to state grievances, make suggestions or report problems to management without fear of reprisal, including an anonymous, bilingual, third-party hotline for reporting concerns. Grievances are investigated and addressed in a documented process.

Calavo is also committed to responsible sourcing, including a supply chain free from forced labor and human trafficking.



CASE STUDY:

Focusing on Social Sustainability

In 2020, Calavo created a new position, Corporate Social Responsibility Manager, at our Uruapan, Mexico, facility. Responsibilities include development, implementation, and tracking of Calavo's sustainability programs in Mexico, including labor and human rights initiatives. The CSR Manager is responsible for stakeholder engagement and partnerships in the local community, evaluating compliance with the Business Code of Ethics, and training and consultation on human rights.



Diversity, Equity & Inclusion

Diversity, equity and inclusion are important to the team at Calavo. With a workforce made up of 50 percent women and nearly 75 identified ethnic groups, we are focused on providing a workplace where everyone feels welcome.

Workforce Diversity

		2019	2020
All Employees	Male	47.3%	42.4%
	Female	52.7%	57.6%
	Hispanic/Latino	74.3%	74.9%
	White	7.9%	6.7%
	Black/African-American	5.1%	5.9%
	American Indian/Alaskan Native	0.2%	0.2%
	Asian	6.7%	5.9%
	Native Hawaiian or Pacific Islander	1.6%	1.7%
	Not Specified	3.7%	4.0%
	Two or More Races/Ethnicities	0.5%	0.7%
Managers, Supervisors, and Executives	Male	62.1%	62.4%
	Female	37.9%	37.6%
	Hispanic/Latino	57.1%	59.3%
	White	31.5%	26.6%
	Black/African-American	4.0%	6.6%
	American Indian/Alaskan Native	0.5%	0.3%
	Asian	1.9%	3.1%
	Native Hawaiian or Pacific Islander	2.6%	2.1%
	Not Specified	1.4%	1.4%
	Two or More Races/Ethnicities	1.0%	0.7%

Worker Health & Safety

Worker health and safety is a top priority at Calavo, and we have embedded safety into every level of the organization. Our Safety Management Program, the foundation for Calavo’s commitment to workplace safety, sets parameters for a safe and healthy workplace. Execution of this plan happens at the facility level, where management and staff work together to ensure safety protocols are understood and met across all facets of the business. For example, we have two safety committees: Administrative Safety Committee and Leadership Safety Committee.

The Administrative Safety Committee consists of employees working on the production floor, in the warehouse, maintenance and other direct positions. Members of this committee discuss ways to make the workplace safer for their peers. The Leadership Safety Committee consists of managers from the production and support departments who discuss and implement structural and policy changes to formulate and enhance safety changes across our operations.

All of Calavo’s packing and processing facilities have a [safety policy](#) in place that covers, at

a minimum: roles and responsibilities, safety requirements for all building occupants, personal protective equipment (PPE) requirements and procedures for when an accident or incident takes place. Multilingual branding and communication are paramount to ensuring our Safety Management Program.

Safety Committee: At the corporate level, Calavo’s Safety Committee is made up of a cross-functional, bilingual group of executives, responsible for setting the safety program and action/ investigations.

Trained Safety Personnel: In addition, we have dedicated personnel with safety training and responsibilities at each of our major facilities.

Regular Safety Training for All Employees: All employees receive safety training at least once a year, and all major facilities have a dedicated safety meeting at least once per quarter. Suggestion boxes implemented at all facilities allow employees to report ideas and concerns, including anonymously.



Worker health and safety is a top priority at Calavo

Safety Performance Data

		2020
Total Recordable Incidence Rates (TIR)	US Facilities	21.18
	Mexico Facilities	14.42
Days Away Restricted or Transferred (DART)	US Facilities	8.33
	Mexico Facilities	5.08
Fatalities	All Facilities	0

TIR and DART rates are based on 200,000 working hours, divided by the total number of working hours.

CASE STUDY: Responding to COVID-19

At Calavo, our employees are our most valuable asset, and our priority is to provide safe working conditions in all facilities. The COVID-19 pandemic created an unprecedented global challenge and we are proud of how our team rose to the occasion.

As an essential business, we remained fully operational, following all local and international government regulations to prevent the spread of the virus and minimize the risk of harm to our employees. Our executive team swiftly assembled a COVID-19 Task Force, who met daily, including weekends, to navigate real-time scenarios and provide ongoing communication to our employees and key stakeholders.

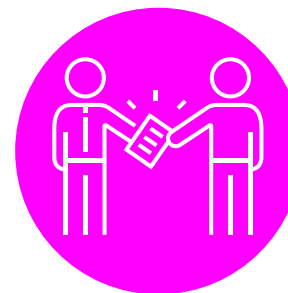
While all administrative personnel transitioned to working from home, most of our essential workers were needed to be onsite in our packing facilities, processing plants and distribution centers, to continue to supply our customers and the end consumer with our healthy food products.

Many policies and procedures were implemented per CDC and local guidelines to prevent the spread of the virus, including:

- Providing single-use face coverings and ensuring they are properly worn and disposed of at the end of the shift
- Temperature taking of employees as they enter the facility
- Cleaning and sanitizing common areas every 2 hours with a disinfectant, approved by the CDC for COVID-19
- Conducting weekly risk rating to monitor the COVID-19 case counts in the areas in which we operate
- Frequent communication to our employees regarding COVID-19, including information about social distancing, face coverings, hygiene practices, symptoms and testing availability
- Where possible, ensuring at least six feet of physical distance at all times in our workplace by:
 - Eliminating the need for workers to be in the workplace – e.g., telework
 - Reducing the number of persons in an area at one time, including visitors
 - Installing visual cues such as signs and floor markings to indicate where employees and others should be located or their direction and path of travel
 - Staggered arrival, departure, work, and break times
 - Adjusted work processes or procedures, such as reducing production speed, to allow greater distance between employees
 - Installing plexiglass separators to mitigate transmission risks



Products & Governance



Directors and executives sign the code of conduct every year.

Ethics & Integrity

Calavo is committed to conducting its business honestly and ethically wherever we operate in the world, constantly improving the quality of our services, products and operations and maintaining a reputation for honesty, fairness, respect, responsibility, integrity, trust and sound business judgement. Calavo’s Code of Business Conduct and Ethics outlines basic principles, in both English and Spanish, to guide all directors, officers and employees towards ethical behavior. Our Vendor Code of Conduct sets out similar expectations for our suppliers.

All new hires are required to sign their acknowledgment of, and compliance to, the Code of Conduct. This process is audited annually as part of our overall financial audit process. In addition, directors and executives sign the Code of Conduct every year.

Calavo utilizes a confidential hotline through NAVEX Global for employees to submit their grievances anonymously. Issues and concerns associated with unethical or illegal activities can be reported safely and honestly while maintaining anonymity and confidentiality. Incidents called in are sent to the Board of Director’s Audit Committee Chair along with the Director, Human Resources. In addition, we maintain a reporting system to track concerns regarding the company’s internal accounting controls or auditing matters by calling 1-888-279-6251 in the U.S. or online at www.ethicspoint.com to leave a confidential message for our audit committee. Calavo’s policy prohibits retaliation for a good faith report of unethical, dishonest or illegal behavior, or of any other violation of our Code of Conduct.

Data Security

In 2020, we undertook significant upgrades to our information technology systems to ensure robust data protection, security and privacy, including:

- Upgrading End-Point Security Solution
- Retiring all end of life hardware (servers, routers, switches, workstations and laptops)
- Developing a more robust program in software patching and OS upgrades
- Enhancing on-boarding protocols for new employees to include cybersecurity
- Developing a continuous cybersecurity training for all employees



CASE STUDY: Advertising to Children

Calavo uses a variety of online and print channels to reach customers, including social media, trade publications, and advertising at industry events to market our products. While none are targeted to children, none specifically advertise children's products and our advertising to children is functionally zero, a child under 12 may occasionally pick up a trade magazine or look over their parent's shoulder to see a Calavo post on social media. In the event a child does engage with our advertising, we are proud our products promote fresh fruit and vegetable consumption and support efforts to increase consumption of and access to fresh, healthy food.



Food Safety & Nutrition

Food safety is Calavo’s utmost priority, and we have implemented stringent measures to ensure food safety protocols are in place throughout the supply chain. Our Food Safety Plans are based on the Food Safety Modernization Act (FSMA) and/or Hazard Analysis Critical Control Points (HAACP) requirements and principles. They include a comprehensive environmental monitoring program, illness transmission prevention procedures, allergen controls to prevent cross-contact and metal detection. Every facility has a written protocol in place, supported by training, directing employees to practice food safety behaviors based on the facility’s production processes, customer requirements and risk factors. These components include, for example, requirements around clothing, hair and beard coverings, hand washing and use of gloves.

Every business unit has a dedicated plan for managing crises; facilities have a response

plan in case of hazardous spills, as well as natural disaster recovery plans specific to their geographic region and risk profile. Each plan is tailored to the business unit and type of facility, but includes, at a minimum: roles and responsibilities for crisis management, steps to identify and mitigate the problem and directions for communication to key stakeholders as needed.

If food safety issues arise, we implement our Corrective and Preventive Action program, which encompasses investigating to determine root causes, resolving the issue or deviation, implementing corrective actions, and reviewing the Food Safety/HAACP plans. This program is managed by the facility’s Food Safety team, and the corporate Food Safety & Quality team as needed. Incidents, audit findings and complaints are some of the things tracked and trended to facilitate process improvement.

Year	# of Recalls	Volume (metric tons)	Notes
2018	3	5.84	All recalls in 2018 were voluntary. One recall was related to an undeclared treenut allergen; no illnesses were reported. Two recalls were related to <i>Salmonella</i> and/or <i>Listeria monocytogenes</i> concerns in the supply chain; no illnesses were traced back to our products.
2019	5	7.12	All recalls in 2019 were voluntary. Two of the recalls were due to <i>Salmonella</i> and <i>Listeria monocytogenes</i> concerns in the supply chain; no illnesses were traced back to our products. Three of the recalls were due to undeclared soy allergen; no illnesses were reported.
2020	2	8.31	These voluntary recalls were related to undeclared allergens. There were no reported illnesses.



2020 Food Safety & Nutrition Highlights

- In 2020 all facilities had a BRC AA rating. BRC Global Standards Audits are the most widely used audit for food safety and quality management systems and AA is the highest rating available.
- We enhanced our nutrition database to speed up access to Nutritional Fact Panels (NFPs) that show the customer important details about the calories and nutrient content of their food.

Approach to Nutrition

Calavo is proud to offer a broad portfolio of healthy products to our consumers. From nutrient-dense avocados to vitamin-loaded fruit and vegetables, we thoughtfully source products to align with consumer demands for functional foods critical to cultivating a healthy lifestyle. Coming out of the COVID-19 pandemic, we realize more than ever the impact wholesome, nutritional fruit and vegetables play in maintaining a healthy immune system and promoting overall wellness.

We define “healthy products” as containing no added sugar or preservatives. In 2020, 86% of sales came from products considered to be healthy, namely fruits and vegetables in their whole, unprocessed state or fresh-cut fruit packed in its own juice, and fresh-cut vegetables packed raw with no further additives.



CASE STUDY:

Managing Risk in the Ingredient Supply Chain

Calavo depends on a reliable source of high-quality produce from growers in a complex supply chain. In particular, five ingredients (avocados, tomatoes, watermelon, pineapple and mango) make up about 78 percent of our food sourcing spend. These produce items are best grown in tropical and sub-tropical locations with healthy soil, lots of sunshine and ample water supplies.

As we begin to incorporate climate science into our business planning, we are thinking about how changing weather patterns may impact our ability to source these core ingredients. For example, how might California droughts impact our thousands of avocado growers? How might rising sea levels impact papaya growers in Hawaii? Will our greenhouse-grown tomatoes have a competitive advantage as rain patterns change in Mexico?

Diversifying suppliers, seeking weather-adapted plant species, and providing technical support to farmers implementing water efficiency technology are some of the ways we're taking action now.

Sustainable Agriculture

Calavo works with thousands of food suppliers and growers around the world. We have a joint-venture investment in a greenhouse tomato operation in Jalisco, Mexico (Agricola Don Memo), but otherwise do not have direct control over the growing practices of our suppliers. However, we are proud to work with our customers to source products grown with sustainable agriculture practices, including Fair Trade products, organic products, non-GMO products and products with specific sustainable agriculture practices.



2020 Sustainable Agriculture Highlights:

- Our Uruapan, Mexico facility received its Clean Industry Distinction for the 10th year in a row. The certification, granted by Mexico's Federal Attorney for Environmental Protection (PROFEPA), signifies that we have met all environmental requirements at the municipal, state and federal level for waste disposal, energy consumption, water consumption and emissions to air and water. Only three other companies in Uruapan currently have this certification.
- Our Calavo de Mexico employees supported habitat restoration efforts with a reforestation visit to a Monarch butterfly habitat. Calavo provided transportation and paid time off for employees to meet and tour the property with the staff. They learned how the native forest is a habitat for the Monarch butterflies, whose numbers are dwindling worldwide and how the forest fosters native wetlands where the butterflies can lay their eggs and reproduce. The employees are now advocates for the reserve and also for protecting other forests nearby. The reforestation efforts conducted by Calavo volunteers in the past, present and future will assist in this effort.



Fair Trade, Organic and Non-GMO Products

While we incorporate sustainability throughout our entire company, we also have specialty programs and products that cater to customers' changing environmental and social preferences. For example, we offer Fair Trade, organic and non-GMO products in a number of areas.

While our Fair Trade volume is small, we aim to grow it alongside our customers' needs. In 2020, Fair Trade premium funds were used towards a partnership with local medical providers, offering 1,842 preventative and other services that were not readily available through the public health care system. Services are offered free of charge or at a minimal cost, include vision & dental care, physical therapy, women's health care, and lab work. In addition, our Fair Trade program provided 4,821 emergency COVID-19 care packages for Fair Trade workers, their families, growers and members of the local senior center.

Percentage Sales Associated with Specialty Sustainability Items

		2018	2019	2020
Fair Trade	Avocados	0.2%	1.39%	1.02%
Organic	Avocados, Beet Noodles, Broccoli, Butternut Squash, Cauliflower, Guacamole, Mango, Onion, Peppers, Pico de Gallo, Pineapple, Stir Fry, Sweet Potatoes, Veggie Tray, Watermelon, Zucchini Noodles	5.4%	5.1%	6.6%
Non-GMO	Avocados, Tomatoes, Guacamole	59.1%	58.0%	61.3%

Many fruits and vegetables, including tomatoes and avocados, do not have a commercial GMO version. The table above reflects the total amount of Calavo's non-GMO product sales, not only those specifically labelled as such.



Packaging & Logistics

At Calavo, we consider the environmental impacts of packaging throughout the entire supply chain. We work closely with our customers to determine their packaging needs, and offer products that use recyclable, biodegradable, recycled content and reusable packaging. Some of our strategies include:

- Changing packaging from materials that cannot be recycled and require energy applications (like PVC Shrink Wraps) to those which can be more easily recycled and do not require heat to apply (such as Tamper Evident Packaging)
- Reducing the overall weight of packaging by using film lidding instead of rigid lidding and down-gauging corrugate in favor of lighter weight cardboard
- Expanding the use of post-industrial plastics (sometimes referred to as regrind) and post-consumer recycled plastics
- Designing packaging solutions with the environment in mind, such as our Die Cut Boxes, which require little or no adhesive or tape when forming the box before packing the finished goods
- More than 95% of our packaging is recyclable, reusable or compostable

2020 Packaging Highlights:

- In December 2019, we reconfigured our avocado packaging, so that the label can be removed from the netting - making both pieces recyclable. By the end of 2020, 6,128,825 bags were impacted by this change.
- We continue to focus on packaging with recycled content, with more than 312,000 kilograms of post-consumer recycled plastic incorporated into our thermoformed guacamole lids.

About This Report

This is Calavo Growers, Inc.'s third annual sustainability report covering our performance during calendar year 2020. The previous report was published in September 2019.

Reporting Boundaries

This Sustainability Report boundary includes all 19 facilities directly operated by Calavo. In addition, we have included selected information from joint ventures where we do not have direct control. Any exceptions to this scope are noted directly in the text.

Independent Verification

We have engaged Strategic Sustainability Consulting (SSC) to support our sustainability reporting efforts. We believe that this report contains information that is accurate, timely, and balanced. In preparing the material for this report, we have completed an internal assessment process in conjunction with SSC to review the contents for clarity. This report has not been externally assured.

Restatements

In previous reports we stated that Calavo operates from 18 facilities. In 2020, we have reported 19 facilities, splitting our operation in Uruapan into two facilities to better align with our GHG reporting boundaries.

Feedback

We welcome your feedback to our Sustainability Report Team at sustainability@calavo.com.

Disclaimer

This report contains statements relating to future events and results of Calavo (including certain projections and business trends) that are “forward-looking statements,” as defined in the Private Securities Litigation Reform Act of 1995, that involve risks, uncertainties and assumptions. These statements are based on our current expectations and are not promises or guarantees. If any of the risks or uncertainties ever materialize or the assumptions prove incorrect, the actual results of Calavo may differ materially from those expressed or implied by the forward-looking statements and assumptions. All statements in this report, other than statements of historical fact, are statements that could be deemed forward-looking statements. For a further discussion of the risks and uncertainties that we face, please see the risk factors described in our most recent Annual Report on Form 10-K filed with the Securities and Exchange Commission and any subsequent updates that may be contained in our Quarterly Reports on Form 10-Q and other filings with the Securities and Exchange Commission. Forward-looking statements contained in this report are made only as of the date of this report, and we undertake no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

Sustainability Accounting Standards Board (SASB)

SASB’s “Sustainability Accounting Standards” comprise disclosure guidance and accounting standards for use by U.S. and foreign public companies in their disclosures to investors. SASB Standards identify sustainability topics that are reasonably likely to constitute material information for a company within a particular industry.

Calavo is moving towards more comprehensive reporting aligned with the SASB standard for the Processed Foods Industry. SASB indicators relevant to the Processed Foods Industry are summarized in the following tables.

Topic	Accounting Metric	Unit of Measure	2019	2020
Energy Management	Total energy consumed (FB-PF-130a.1)	Gigajoules (GJ)	169,985	159,633
	Percentage grid Electricity (FB-PF-130a.1)	Percent (%)	100	100
	Percentage renewable (FB-PF-130a.1)	Percent (%)	0	0
Water Management	Total water withdrawn (FB-PF-140a.1)	Thousand cubic meters (m ³)	143.0	142.0
	Percentage in regions with High or Extremely High Baseline Water Stress (FB-PF-140a.1)	Percentage (%)	58	60
	Total water Consumed (FB-PF-140a.1)	Cubic meters (m ³)	0.20	0.37
	Percentage in regions with High or Extremely High Baseline Water Stress (FB-PF-140a.1)	Percentage (%)	0	45
	Number of incidents of non-compliance associated with water quantity and/or quality permits, standards, and regulations (FB-PF-140a.2)	Number (#)	0	0
	Description of water management risks and discussion of strategies and practices to mitigate those risks (FB-PF-140a.3)	Discussion and Analysis	See page 10	

Topic	Accounting Metric	Unit of Measure	2019	2020
Food Safety	Global Food Safety Initiative (GFSI) audit non-conformance rate (FB-PF-250a.1)	Rate	4.5	3.3
	Audit corrective action rate for major non-conformances (FB-PF-250a.1)	Percent	Not applicable - no major non-conformance findings	
	Audit corrective action rate for minor non-conformances (FB-PF-250a.1)	Percent	100	100
	Percentage of ingredients sourced from Tier 1 supplier facilities certified to a Global Food Safety Initiative (GFSI) recognized food safety certification program (FB-PF-250a.2)	Percent (%) by cost	99.54	99.54
	Total number of notices of food safety violation received (FB-PF-250a.3)	Number (#)	0	1
	Percentage corrected (FB-PF-250a.3)	Percent (%)	N/A	100
	Number of recalls issued (FB-PF-250a.4)	Number (#)	5	2
	Total amount of food product recalled (FB-PF-250a.4)	Metric tons (t)	7.12	7.96
Health & Nutrition	Revenue from products labeled and/or marketed to promote health and nutrition attributes (FB-PF-260a.1)	\$USD	1,058,002,092	947,543,193
	Discussion of the process to identify and manage products and ingredients related to nutritional and health concerns among consumers (FB-PF-260a.2)	Discussion and Analysis	See page 21	

Topic	Accounting Metric	Unit of Measure	2019	2020
Product Labeling & Marketing	Percentage of advertising impressions made on children (FB-PF-270a.1)	Percent (%)	0	0
	Percentage of advertising impressions made on children promoting products that meet dietary guidelines (FB-PF-270a.1)	Percent (%)	0	0
	Product Labeling on Genetically Modified Organisms (GMOs) (FB-PF-270a.2)	\$USD	6,194,593	7,201,872
	Non-GMO Label	\$USD	6,194,593	7,201,872
	GMO Label	\$USD	0	0
	Incidents of non-compliance with industry or regulatory labeling and/or marketing codes (FB-PF-270a.3)	Number (#)	0	1
	Monetary losses as a result of legal proceedings associated with labeling and/or marketing practices (FB-PF-270a.4)	\$USD	0	0
Packaging Lifecycle Management	Total weight of packaging (FB-PF-410a.1)	Metric tons (t)	19,832	20,155
	Percentage made from recycled and/or renewable materials (FB-PF-410a.1)	Percent (%)	96.1	96.1
	Percentage recyclable, reusable, and/or compostable (FB-PF-410a.1)	Percent (%)	96.1	96.1
	Discussion of strategies to reduce the environmental impact of packaging throughout its lifecycle (FB-PF-410a.2)	Discussion & Analysis	See page 25	
Environmental & Social Impacts of Ingredient Supply Chain	Percentage of food ingredients sourced from regions with High or Extremely High Baseline Water Stress (FB-PF-440a.1)	Percent by cost (%)	Not tracked	
	List of priority food ingredients and discussion of sourcing risks due to environmental and social considerations (FB-PF-440a.2)	Discussion & Analysis	See page 22	
Activity Metrics	Total Production (FB-PF-000.A)	Metric tons (t)	263,093	275,228
	Production Facilities (FB-PF-000.B)	Number (#)	18	19