



INNOVATING WITH ALMONDS TO SATISFY TODAY'S CONSUMER

Harbinder Maan, *Almond Board of California*

Lu Ann Williams, *Innova Market Insights*

Emily Lafferty, *Simple Mills*

Shawn Houser-Fedor, *The Hershey Company*



ABC Webinar

Key drivers of almond innovation

in snacking and CPG products

December 2020

COVID-19 has impacted the way consumers purchase food and drinks

When buying food/drinks during the current COVID-19 situation, what factors have become **MORE** important? (Global)



Health aspects: **53%**
Up from 30% in 2019



Environmental aspects*: **33%**
Up from 9% in 2019



Indulgence: **23%**
Up from 18% in 2019



Actimel Fermented Almond and Oat Drink with Mango and Passion Fruit Flavor

Belgium, Sep 2020 [VIEW DETAILS](#)

Claims: Nutriscore A. Enriched with **vitamins B6 and D for the normal function of immune system**. 100% plant-based.



Soulfull Almond And Raisin Crunchy Millet Muesli

India, Nov 2019 [VIEW DETAILS](#)

Description: ... It not only brings the goodness to you in the form of nutrition but also **protects the environment** by using less water and inputs to grow, taking care of us and our world just like our mother's world.

Sources: Innova Database
Innova Consumer Survey 2020. Average of 12 countries. Innova Category Survey 2019. Average of 29 countries.

Notes: *Environmental, social and ethical aspects

Key innovation drivers of almond products

Plant based



Almonds have many inherent health benefits and are increasingly used in high protein and vegan product formulations. Opportunities are seen to combine them with other ingredients such as probiotics

Health benefits



As a consumer-driven trend that is ever-evolving, plant based innovation continues to diversify. Almonds have the potential to be included into many products within the plant based dairy alternative segment and beyond

Premium & indulgence



Driven by COVID-19, affordable premium is now back at the center of attention. Products that achieve unique flavor and texture combinations are expected to succeed

Mindful consumption



There has been a sharper focus on the direct impact that not caring for the environment and unhealthy food practices have had on our wellbeing, safety and ability to thrive

Source: Innova Database

Plant based is a unique platform of growth for almonds



Innova
database

+60%

average annual growth
of new food and
beverage launches,
tracked with almonds
and a **plant based** claim

(Global, CAGR 2015-2019)



Mexico, Aug 2020



Germany, Aug 2020



Iceland, Sep 2020



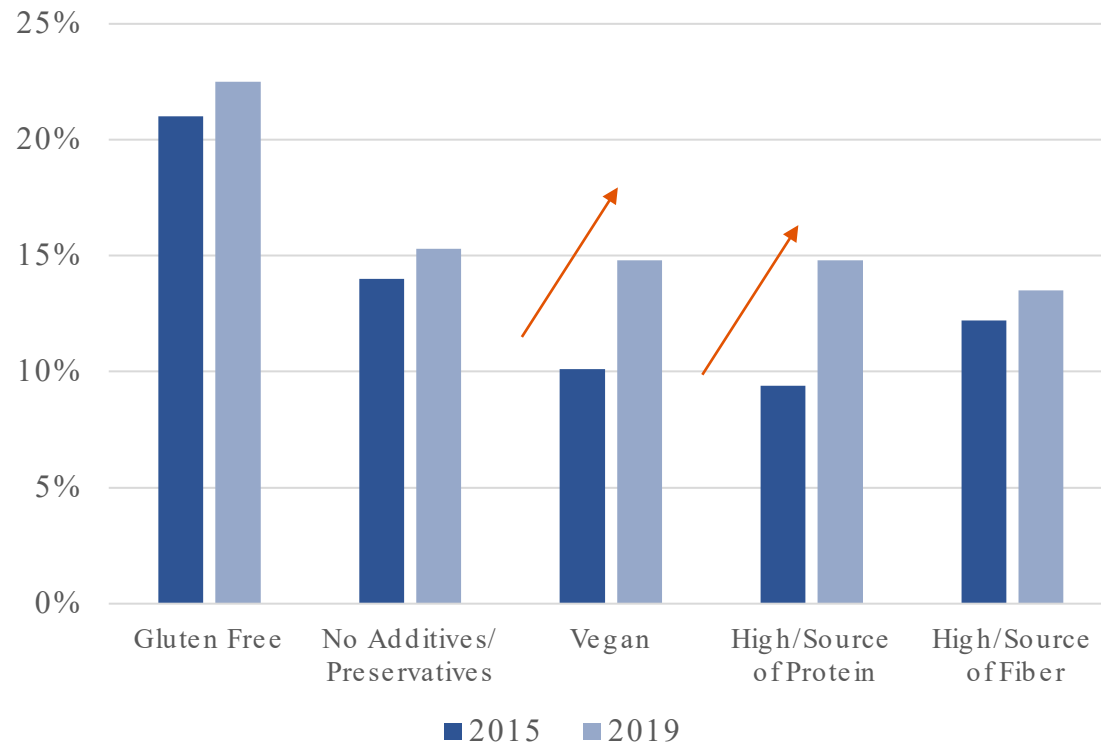
UK, Sep 2020

Source: Innova Database

Free from, clean label and protein/fiber are key in driving almond NPD

Vegan and high protein are growing platforms

Top health claims as a percentage (%) of new food and beverage launches, tracked with almonds (Global)



Probiotic is the fastest growing active health claim

+45% average annual growth (Global, CAGR 2015-2019)



Australia, Jul 2020



Australia, Sep 2020

“Plant yogurt: water, coconut, cashews, **almonds**, native starch, cane sugar, guar gum, **vegan cultures and probiotics**”

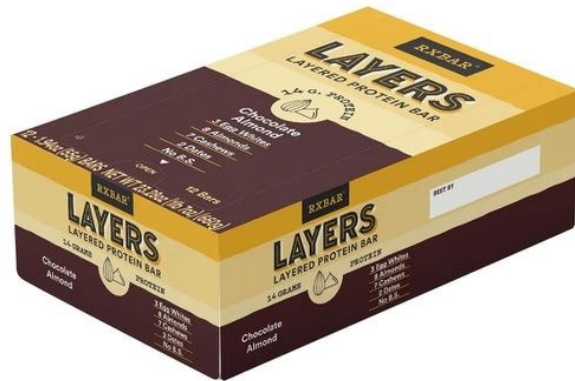
Source: Innova Database

COVID-19 drives consumption of indulgent products

“In **Europe and the US**, while consumers have looked to eat more healthily, there has **also been an increase in consumption of indulgent foods** as people look for release and comfort”

Enhanced texture experience

Indulgent two-layered protein bars. **Creamy, crunchy, chewy**



US, Aug 2020

White **crunchy chocolate cream** with 15% almonds



Germany, Sep 2020

Full of flavors

Soft in texture and full of flavor. **A hint of ginger enhances its sweet, nutty flavor** without being overpowering



Australia, Aug 2020

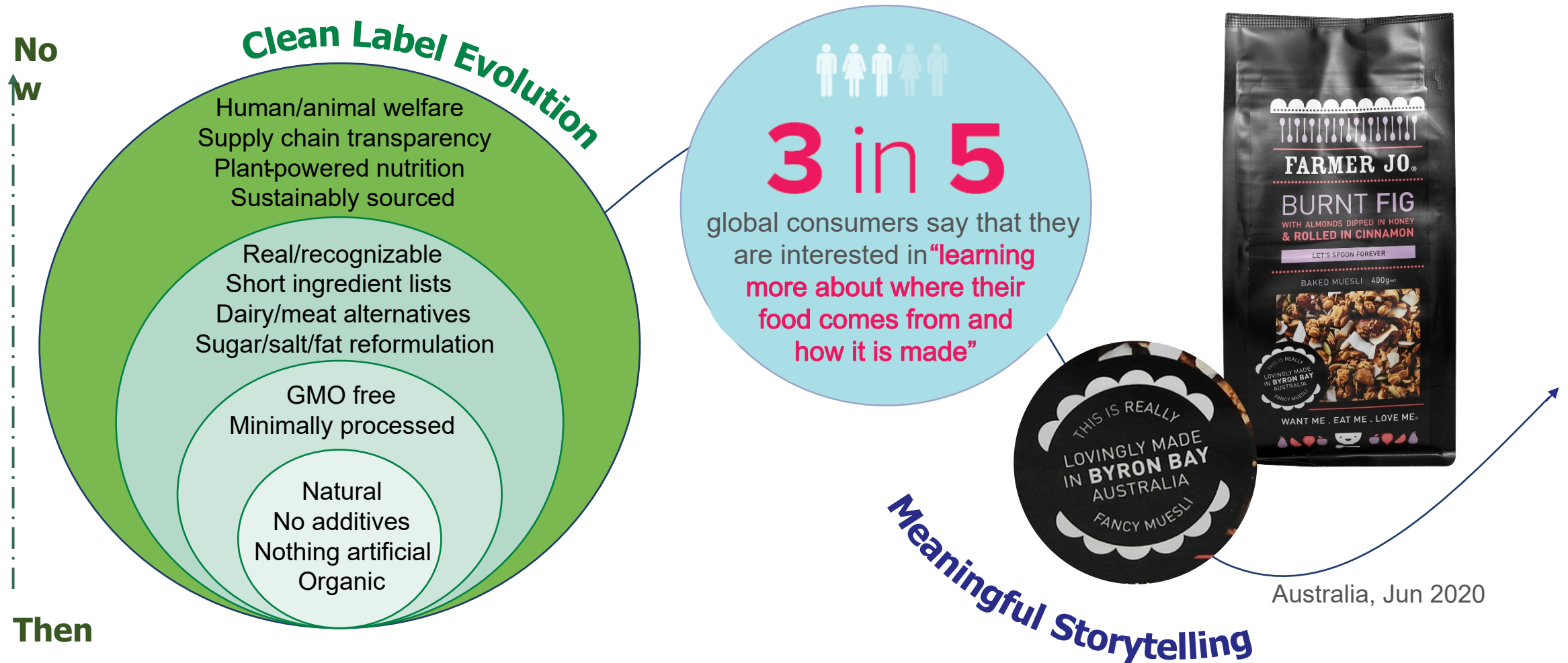
Almond **Crispy Cheese Chocolate**



India, Sep 2020

Sources: Innova Database
Innova Consumer Survey 2020

Mindful consumption: Storytelling to connect with consumers



Sources: Innova Database
Innova Consumer Survey 2020. Average of UK, US, Spain, France, Brazil, India, Germany, Mexico, China and Indonesia

Mindful consumption: Sustainability in the spotlight



75%
of global consumers

Sustainable farming practices

*"Helps farmers develop **more sustainable farming practices**"*



good food · good farming · good causes.

UK, Apr 2020

Using sustainable ingredients

Crunchy Almond Butter with Certified sustainable palm oil - RSPO



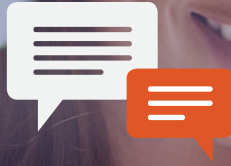
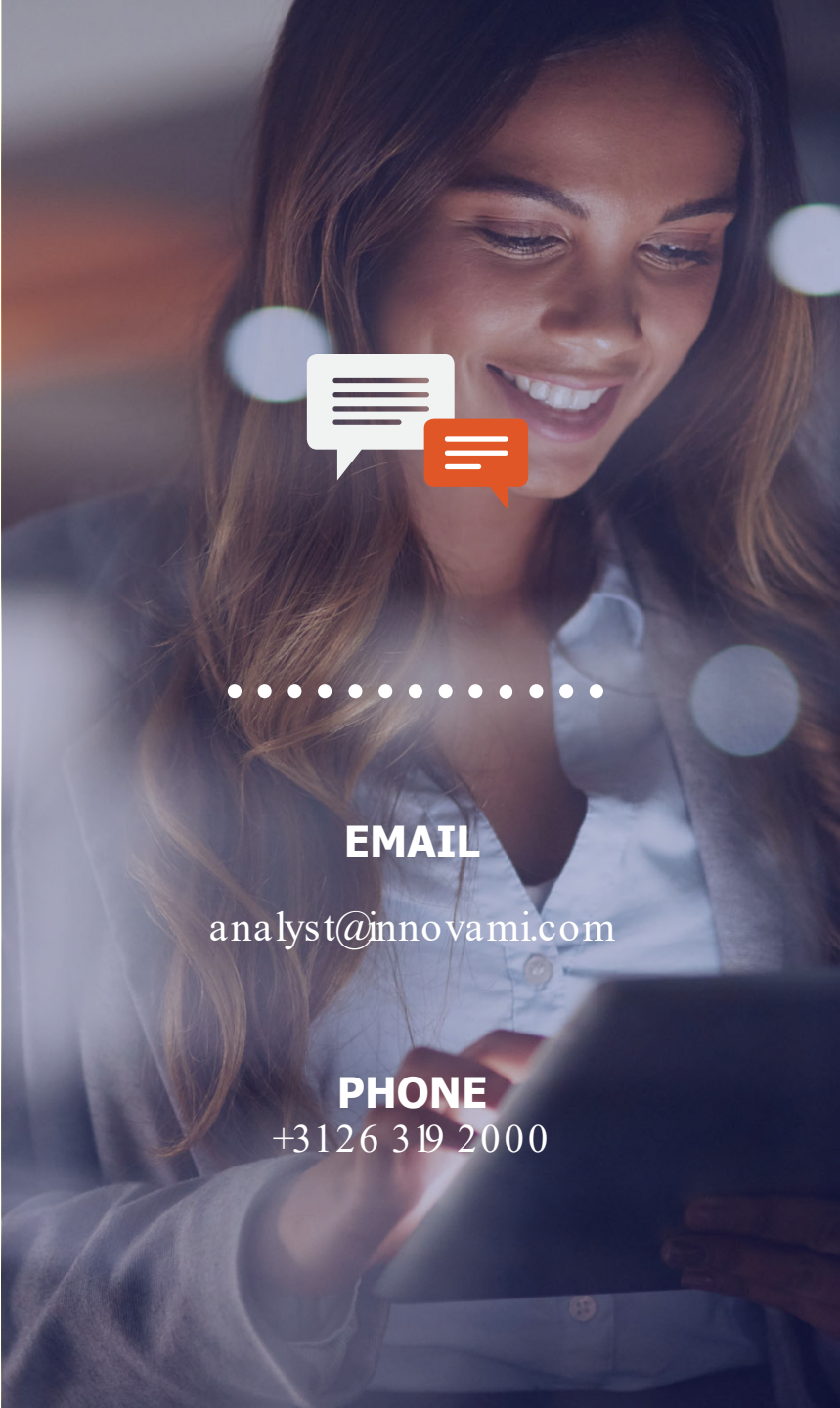
US, May 2020

US, Jul 2020



Sustainable, social and ethical chocolate

Sources: Innova Database
Innova Consumer Survey 2020. Average of UK, US, Spain, France, Brazil, India, Germany, Mexico, China and Indonesia



EMAIL

analyst@innovami.com

PHONE

+3126 319 2000

For insight led future growth opportunities

The Innova Database is an online, cutting-edge food & beverage product database - created by a dedicated team of industry-leading food and beverage experts that collect the latest data from more than 90 countries.



Innova Market Insights

Innova operates the biggest food and drink product database in the world. We pick up and record brands, ingredients, claims, packaging, patents & promotions in every major market.

Global Headquarters

Velperweg 18
6824 BH Arnhem
The Netherlands



INNOVATING WITH ALMONDS TO SATISFY TODAY'S CONSUMER

Emily Lafferty, *Simple Mills*





Simple
Mills[®]

Innovating with Almonds

December 10, 2020

Be Your Brightest.™

Company Roots & Our Mission

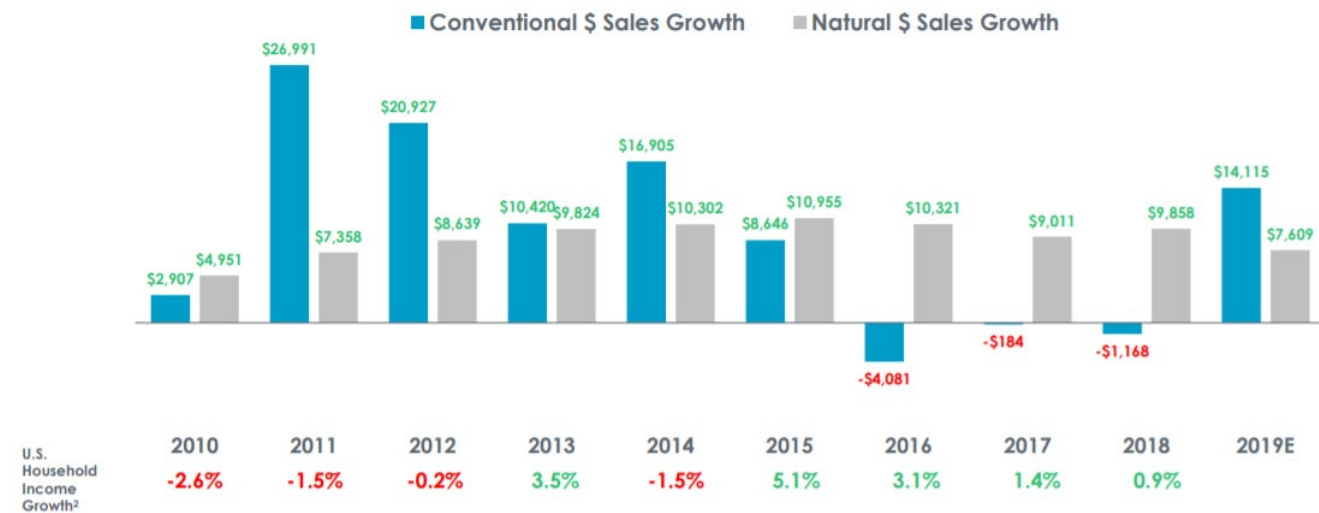
Katlin Smith founded *Simple Mills* in 2012 on a mission to enrich lives and bodies through simple, delicious, real foods.



Almond Growth and Innovation

Demand for whole food nutrition in convenient formats continues to increase.

Natural products sales growth is historically insensitive to changes in personal income



2. Epic Breakfast Every Day

With more people working from home, the most important meal is getting the attention it deserves, not just on weekends, but every day. There's a whole new lineup of innovative products tailored to people paying more attention to what they eat in the morning. Think pancakes on weekdays, sous vide egg bites and even "eggs" made from mung beans.

From scratch cooking to home baking: What coronavirus-fueled trends could linger post-pandemic?

Trend of the year: Plant-based foods

Home baking is on the rise, thanks to coronavirus lockdowns

Our products contain whole food ingredients, and many top sellers prominently feature almonds.



Fall 2020 seasonal launches featuring almond flour

Nutrition Facts	
16 servings per container	
Serving size	1 Brownie (23g dry mix)
Amount per serving	
Calories	100
% Daily Value*	
Total Fat 6g	8%
Saturated Fat 1.5g	8%
Trans Fat 0g	
Cholesterol 0mg	0%
Sodium 110mg	5%
Total Carbohydrate 13g	5%
Dietary Fiber 2g	7%
Total Sugars 9g	
Includes 9g Added Sugars	18%
Protein 2g	2%
Vitamin D 0mcg	0%
Calcium 39mg	4%
Iron 1mg	6%
Potassium 154mg	4%

*The % Daily Value tells you how much a nutrient in a serving of food contributes to a daily diet. 2,000 calories a day is used for general nutrition advice.

Ingredients:

- Almond Flour
- Organic Coconut Sugar
- Chocolate Chips (cane sugar, cocoa liquor, cocoa butter)
- Dutch Cocoa Powder
- Tapioca Starch
- Arrowroot
- Sea Salt
- Baking Soda

CONTAINS: ALMONDS, COCONUT
 DISTRIBUTED BY SIMPLE MILLS
 CHICAGO, IL 60654
 CORN FREE • GRAIN FREE
 PLANT BASED

Simple Mills

ALMOND FLOUR — BAKING MIX — Brownie



Feel what good food can do.™

Food has the power to transform how you feel. To help you live your fullest life. At Simple Mills, we're passionate about harnessing that power. We select only simple, whole food ingredients, and nothing artificial ever. We're raising the bar. Raising expectations that food can be both delicious and nourishing, so you can thrive.

- Katin & the Simple Mills Team

Cueing appetite appeal and nutrition with almonds.



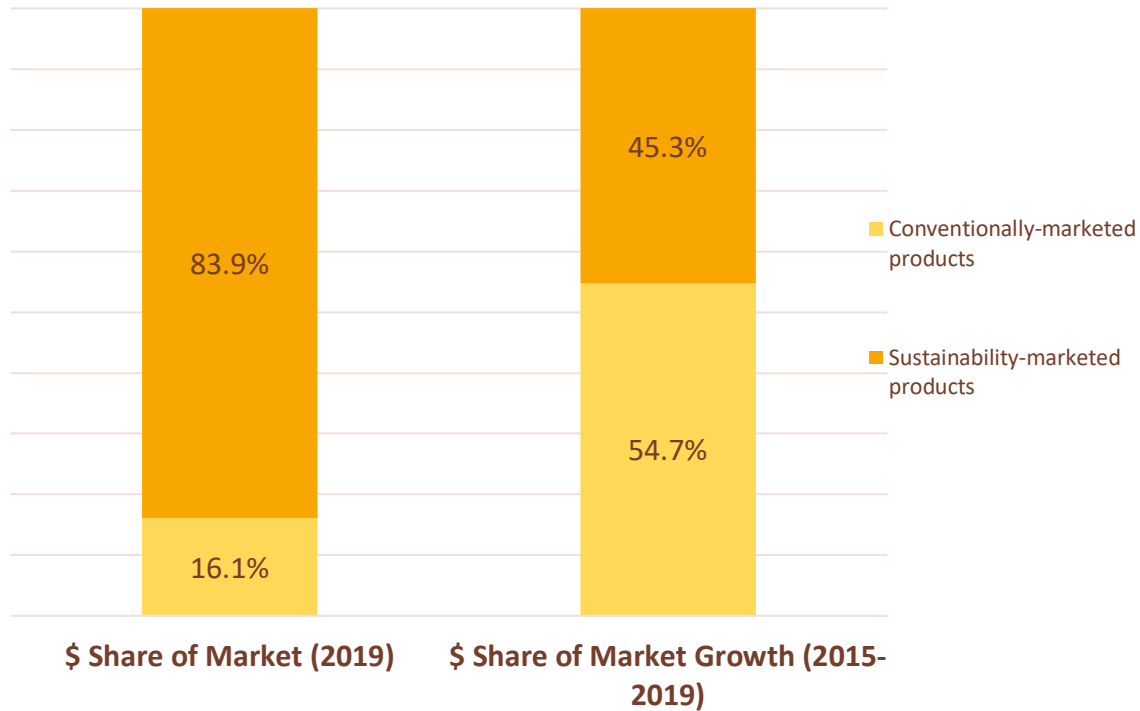
Innovative processors will continue to drive diversification and growth of almond ingredients.



Almonds and Our Planet

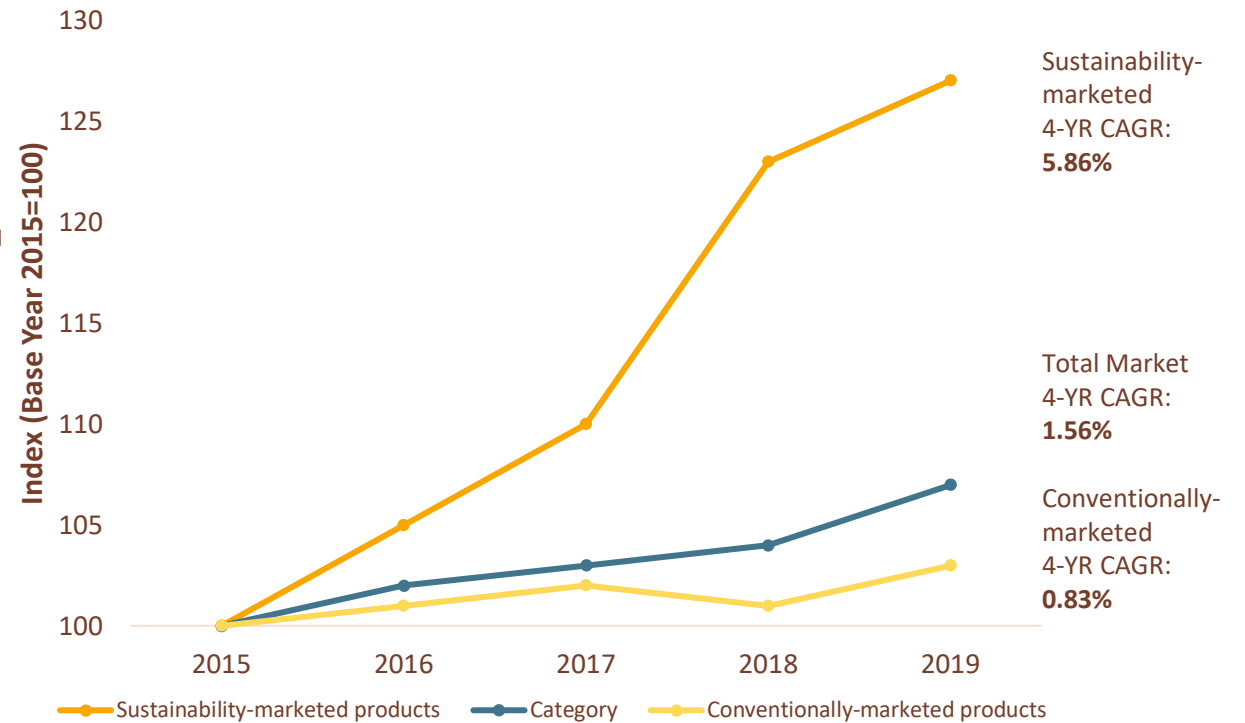
We know that consumers increasingly want more sustainable products.

Sustainability-marketed products account for 16%* of the Market , but they delivered 54% of the Market Growth



*Shares updated due to CSB & IRI re-categorizations; based on 36 categories

And they grew 7.1x faster than conventionally-marketed products, and 3.8x faster than the CPG market



Source: NYU Stern, Sustainable Market Share Index, July 2020



Growers (you!) are key to leading an agricultural transformation



Advancing the solution through Regenerative Agriculture.

Simple Mills
Definition

Regenerative agriculture employs principles and practices designed to improve soil health, increase biodiversity, protect watersheds, and empower farming communities; it is about healing our relationship to the land and acknowledging indigenous wisdom.

Outcomes-based
Goals & Benefits

1 **Improve Soil Health**



2 **Increase Biodiversity**



3 **Empower Farming Communities**



Measurement to qualify impact benefits and ensure credibility

Principles
fostering
restorative
outcomes

1 **Keep the ground covered**



2 **Animal and plant diversity**



3 **Minimize disturbance**









4 **Maintain living root year-**



5 **Integrate Livestock**



Advancing practices leading to restorative outcomes.

	1 Improve Soil Health	2 Increase Biodiversity	3 Empower Farming Communities
What is ... ?	Soil health is “the continued capacity of soil to function as a vital living ecosystem that sustains plants, animals and humans.”	Biodiversity is the variety of plant and animal life in the world, including genetic, species and ecosystem variety.	Empowered farming communities thrive economically, care for each other, and for the land.
Potential Practices	<ul style="list-style-type: none"> • Cover crops • Whole Orchard Recycling • Manure, Compost, Biochar 	<ul style="list-style-type: none"> • Cover crops • Hedgerows • Riparian Buffers 	<ul style="list-style-type: none"> • Soil health practices leading to reduced necessity for inputs resulting in reduced operating costs • Opportunities for higher valuation of almonds
Almond Orchard 2025 Goals Alignment		 	  
Celebrating Progress	<ul style="list-style-type: none"> • CASP participation on 22% of productive almond land • Study found 675,000 almond acres were suitable for groundwater recharge • 53% of CASP respondents cited allowing native covers to thrive • Almond Board funding in-orchard plantings research, establishing cover crop BMPs 	<ul style="list-style-type: none"> • Since 2013, almond farmers have planted over 25,000 football fields worth of bee pastures through Project Apis m.’s <i>Seeds for Bees</i> program • Established Bee BMPs • Almond Board funding research addressing the five factors impacting honey-bee health 	<ul style="list-style-type: none"> • Almond Board funding ongoing research for higher-value almond co-product use • Third party-funded research demonstrating promising outcomes for increased profitability through Regen Ag practice adoption (marketing opportunities, reduced chemical and water inputs)

Looking ahead, *Simple Mills* products will be increasingly designed to advance our Regenerative Agriculture journey and meet consumer demands.

Sourcing Transparency

- **Increased connection point to the farm**
 - Increasing sourcing focus on where almonds come from and how they're grown
 - Direct trade partnerships with producers: decommoditizing the value chain by de-risking, and providing incentives for, Regen Ag practice adoption



Targeted Measurements

- **Measuring proof points and highlighting standards celebrating practices and outcomes related to pollinators, chemical inputs, soil health**
 - Use evidence-based tool to ensure credibility and be inclusive to growers
 - Leverage credible certifications with tangible benefits



Highlighting Orchard Practices

- **Celebrating specific practices addressing ecological risks**
 - Pollinator-friendly practices, including hedgerow habitats
 - Increasing water efficacy through precision irrigation, cover crops
 - Reduced inputs, avoidance of neonicotinoids



Supporting Research

- **Support for trials to demonstrate success, with focus on outcomes in soil health, water quality, biodiversity and carbon potential in almond systems**
 - Regen Ag trials supporting demonstrated public proof points in soil health, biodiversity, carbon sequestration



Thank you!



Emily Lafferty
Senior Manager of Strategic Sourcing
emily@simplemills.com



INNOVATING WITH ALMONDS TO SATISFY TODAY'S CONSUMER

Shawn Houser-Fedor, *The Hershey Company*





Over 100 Years of Hershey Innovation with Almonds

Shawn Houser-Fedor

Senior Director Chocolate and Packaging R&D

Almond Board of California: 2020 Virtual Conference

December 8-10, 2020



Key Messages



Hershey is **evolving its product portfolio**

Over 100 years the Almond Industry and Hershey have partnered

Reducing Green House Gases (GHG) is a key Hershey goal

Whole Almonds are important to Hershey consumers



THE START OF SOMETHING BIG...



MILTON HERSHEY
Serial Entrepreneur



GREAT TASTING
affordable & accessible



THE HERSHEY COMPANY
Founded in 1894 based in Hershey, Pa

TAKE ACTION
OWN IT
CHAMPION CONSUMERS
BE REAL
CREATE THE FUTURE



HERSHEY



Michele Buck
FIRST FEMALE
CEO
IN COMPANY
HISTORY



16,500
remarkable
PEOPLE AROUND THE WORLD

making *more*
moments of goodness

- SINCE 1894 -

THIS IS
**SHARED
GOODNESS**

Forbes | 2019
**AMERICA'S
MOST REPUTABLE
COMPANIES**
REPUTATION INSTITUTE RepTrak®

80+
BRANDS



**GOOD TO
GIVE BACK**
week

1,222 employees
4,107 hours

GOODNESS iconic
trusted
loved
favorite
quality
delicious



COCOA
For Good



Sold in
90
COUNTRIES

heart-
warming
the
world.



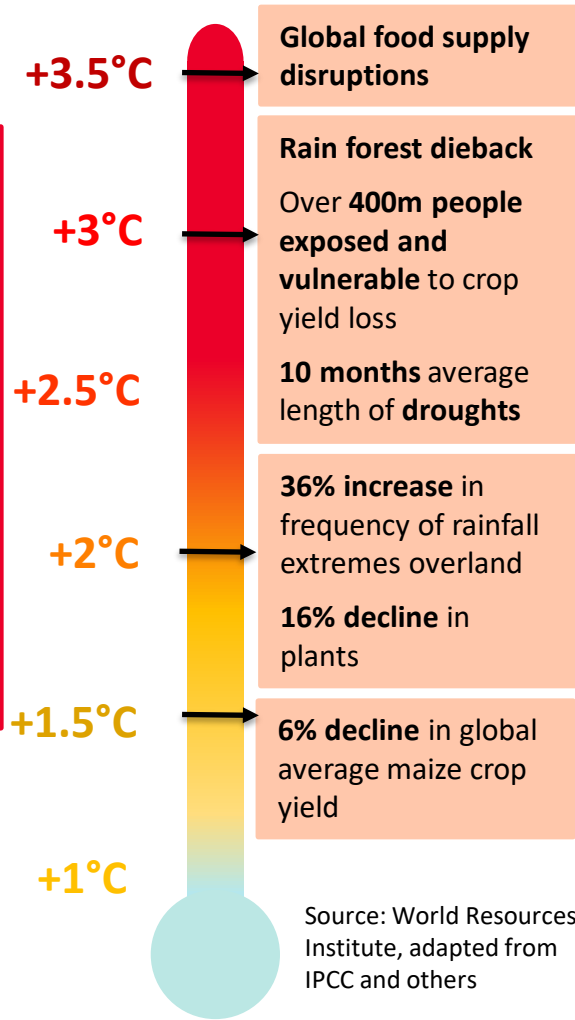
Founded in 1909, the
Milton Hershey
School
prepares kids in need for
success in life.



HERSHEY IS COMMITTED TO SET A SCIENCE BASED TARGET BY 2021

Risk to our Business

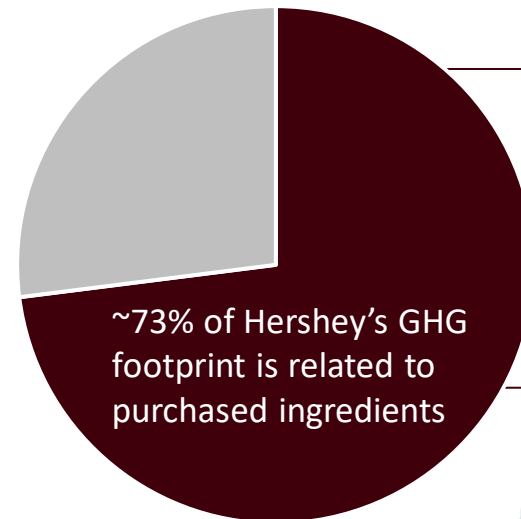
Climate change risk is an **imminent threat to Hershey's supply chain**, with rising temperatures and changing rainfall patterns risking sensitive agricultural areas for our key ingredients.



Our Solution

Hershey's science-based GHG target (SBT)?

- ✓ A SBT is the **global standard best practice** using climate science to set greenhouse gas goals and align with the recommendations of the Paris Climate Agreement to hold temperature increases to well below 2°C
- ✓ Covers emissions from our **entire value chain** accounting from farm, to factory, to product end-of-life.
- ✓ Our goal will cover emissions reductions from **now till 2030 and will be announced early next year**



- We will be looking for ways to reduce our own environmental impact internally, and looking externally at our value chain and suppliers.



Global footprint impact to be developed in 2021-22

Hershey has partnered with the almond industry delivering many confection products with almonds for over 100 years



Hershey's with Almond
Launches in 1908



Hershey Acquires
Almond Joy in 1988



Hershey's Kisses with
Almonds launches in
1990



Hershey acquires
Heath in 1996

1908

1926

1977

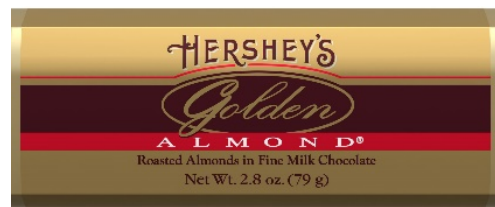
1987-1990

1994-2009

2019



Hershey's 50:50
Almond Bars Launches
in 1926



Golden Almond
launches in 1977



Symphony
Almonds and
Toffee Launches
in 1989



Hugs with Almonds launch
in 1993



Hershey's White Creme
with Almonds launches
in 2019



HERSHEY'S PORTFOLIO OF ALMOND PRODUCTS CONTINUES TO EXPAND



RECALL, CONSUMERS EAT ALMONDS FOR MANY REASONS

Key innovation drivers of almond products

Plant based



Health benefits



Premium & indulgence



Mindful consumption



INNOVA MARKET INSIGHTS

What do HERSHEY'S consumers
say about almonds?



HERSHEY Milk Chocolate Almond bar made a move to add chopped almonds in 2016 to enable “almonds in every bite”, and consumer complaints increased



So, we changed Hershey's Milk Chocolate with Almond King Size bars back from chopped almonds to **whole almonds** in November 2018

Renovation (Consumer Delighter Focused)

Chopped Almonds



Whole Almonds



Media Activation & Merch

The renovation on Milk with Almond was supported by media activation and merchandising, aimed at highlighting the consumer delighter



+24.9%
retail sales
growth





65% of consumers said they definitely would buy HERSHEY'S White with Almond bar and prefer 9-10 almonds per bar



How many consumers enjoy the combination of *almonds & chocolate* in a chocolate candy?



69% of consumers like *almonds & chocolate* together in chocolate candy

IN COMPARISON TO OTHER CHOCOLATE CANDY COMBINATIONS...

peanut butter • caramel • peanuts • pretzels • mint • crisped rice • sea salt • toffee • coconut • marshmallows • cashews • pecans • hazelnuts • dried fruit (raisins, blueberries, cranberries, etc.) • nougat • coffee beans/nibs • bacon • spices (ginger, chili, etc.)



How do *almonds*

rank compared to other ingredients in chocolate candy?



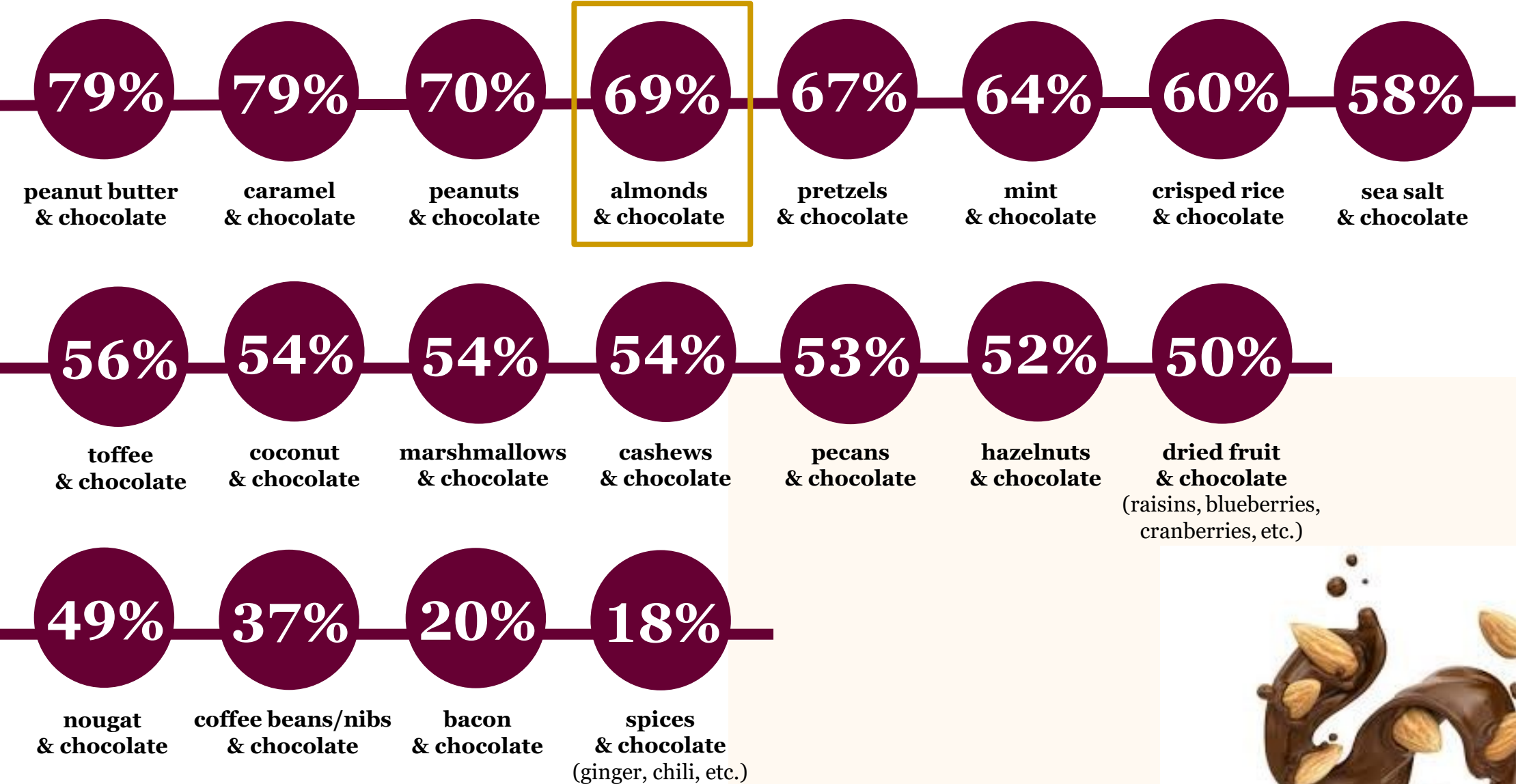
almonds & chocolate
ranks as the
#4 combination
in a chocolate candy
overall

IN COMPARISON TO OTHER CHOCOLATE
CANDY COMBINATIONS...

peanut butter • caramel • peanuts • pretzels • mint •
crisped rice • sea salt • toffee • coconut • marshmallows
• cashews • pecans • hazelnuts • dried fruit (raisins,
blueberries, cranberries, etc.) • nougat • coffee beans/nibs •
bacon • spices (ginger, chili, etc.)



A closer look at where *almonds* fall compared to other chocolate mix-ins...



Source: Consumer Research 10/20-10/28/20 via Communispace
Q: Which of the following foods/flavor-chocolate combinations do you enjoy when they are combined in a chocolate candy? (n=2,008)

What form of almonds do consumers *prefer in chocolate candy?*



61% prefer *whole almonds* in a chocolate candy

WHOLE ALMONDS DELIVER BETTER ON:

**Being flavor
forward**

“

*Generally in chocolate candy bars, I find that **whole almonds bring the kind of flavor that I'm really looking for more than chopped almonds do.** Chopped almonds can be okay, but there needs to be a lot of them to really be noticeable flavor-wise.”*

**A crunchy texture they
can't wait to bite into**

“

*A **better crunch is to be had with whole almonds.** Chopped ones don't not provide the right texture like whole almonds so.”*

**A better mouth feel and
sense of getting 'more'**

“

*I tend to **like the feel of the whole almond when I bite into it rather than the chopped bits** of an almond. It has a smoother texture to it and **seems like I'm getting 'more' from my candy when I have a whole piece** rather than just smaller chopped bits.”*

Hear from
consumers
why *whole almonds*
are a winning mix-in
with chocolate





How can the Almond Industry continue to support HERSHEY'S?

- Consider growing more small whole almonds for use in our HERSHEY'S KISSES and Bars, along with our new snacking products!
- Continue to innovate around sustainable almond growing and handling practices



Thank
You!

