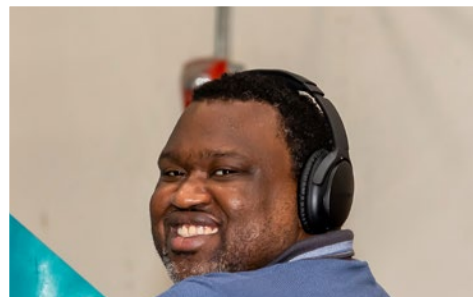
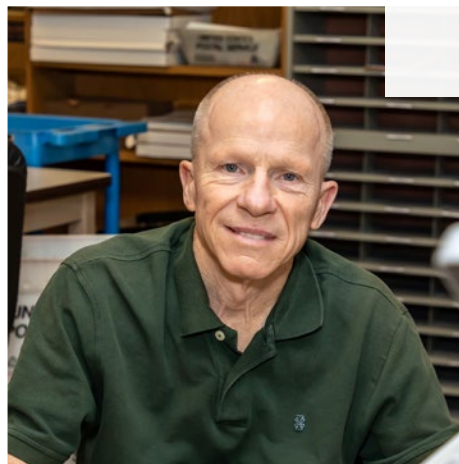




PRIDE
INDUSTRIES



ANNUAL REPORT 2020

CHANGING PERCEPTIONS, ONE JOB AT A TIME

For millions of people with disabilities, finding a job is no easy task. Today, 70% of working-age Americans with disabilities are unemployed. It's a reality that leaves many people unable to live up to their full potential. But it doesn't have to be this way.

At PRIDE, we create jobs through our businesses and amazing customer focus, and we empower our employees with disabilities with innovative, industry-leading support services.

With over five decades of innovation and proven results, we've learned a fundamental truth: Breaking down barriers to employment through the dignity of a paycheck is a winning formula for all of us. And it's a formula that any organization can model to include people with disabilities in the workforce.



OUR MISSION

For 54 years, we have made substantial progress on the journey started by a small group of parents in the basement of St. Luke's Episcopal Church in Auburn, CA, determined to create employment opportunities for their adult children with disabilities.

Those pioneering parents could not have imagined their vision would grow into an organization that is the leading employer of people with disabilities in the world today.

And with your help, our mission continues to change the lives of so many.



2020 AT A GLANCE

5,432

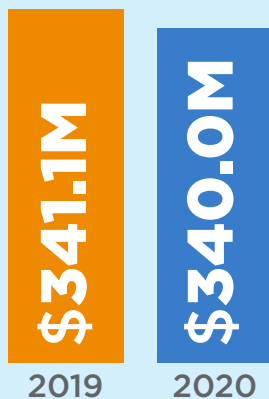
TOTAL
EMPLOYEES



3,202

EMPLOYEES
W/DISABILITIES

TOTAL REVENUE



2019

2020

NET ASSETS



2019

2020



MISSION-DRIVEN RESILIENCE – A POWERFUL COMBINATION

A LETTER FROM BOB AND JEFF

PRIDE Industries was founded in the basement of St. Luke's Church in Auburn, California, in 1966 with the sole purpose of creating jobs for people with disabilities. Since our humble beginnings, we have ignited hope for thousands of individuals nationwide through access to meaningful jobs and increased independence. Today, PRIDE is the leading employer of people with disabilities in America.

Our fiscal year 2019-2020 was a momentous year for PRIDE. We achieved a net profit of \$3.7 million on total revenues of \$340 million. Our most important measure of success, our mission, employs 5,432 total team members, including 3,202 team members with disabilities.

This year tested our resilience after the loss of our beloved CEO of 37 years, Michael "Zig" Ziegler. Zig inspired us with his entrepreneurial spirit, zany personality, and love of people. His exemplary focus on PRIDE's mission and customer relationships reverberate throughout our company – this is our true north. We carry on Zig's legacy with our BHAG (Big Hairy Audacious Goal) to create 100,000 jobs for people with disabilities.

PRIDE's resilience is also demonstrated through our response to the pandemic. We stood firm in our commitments to our customers, adapting our service models with rigorous COVID-19 safety protocols. We expanded our environmental services with our nontoxic, hospital-grade cleaning and disinfectant solutions. We partnered with the California Medical Association to package and distribute millions of pieces of personal protective equipment to thousands of medical clinics throughout California. And we provided daily online training and support services to our team members with developmental disabilities.

This year, PRIDE launched Inclusive Talent Solutions (ITS), our service that matches employers with the talents of people with disabilities and other barriers to employment. At the heart of ITS is PRIDE's proprietary training and employment services model honed over 50+ years of creating access to jobs for thousands of people across the country. As the world embraces socially responsible business practices known as Environmental, Social and Governance (ESG), companies committed to ESG are capturing the attention of consumers, investors, and employees. We're proud to offer ITS to boost our customers' socially responsible employment practices and business results.

We are investing in our future growth in all our lines of business. People are our most important resource. We are dedicated to growing leaders from within the company and attracting new talent to drive our growth. We are investing in systems and technology that are secure and agile to support scalable growth in our operational programs. We will stay focused on our social mission of job creation while delivering the highest quality products and services for our customers and remaining competitive in the global marketplace.

PRIDE's success is owed to the cumulative impact of our many partners — customers, employees, Board members, donors, and supporters. PRIDE truly is a community effort. Thank you for your faith in the power of PRIDE's mission. We hope this annual report serves as a testament to all that we will continue to achieve together!



Bob Olsen
Chairman



Jeff Dern
CEO & President

A handwritten signature in black ink, appearing to read "Jeff Dern".

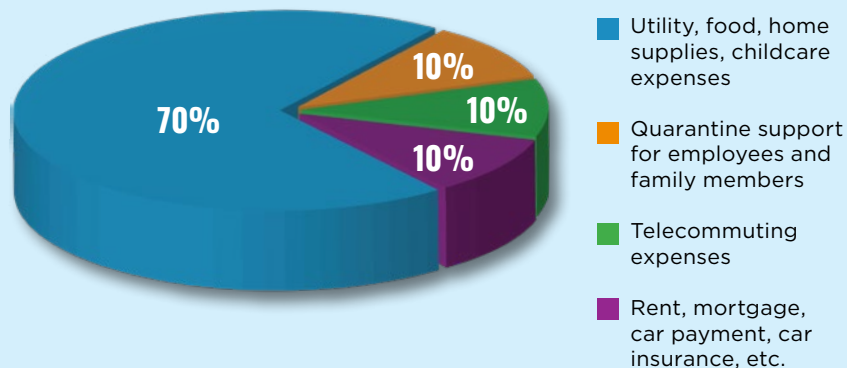
A handwritten signature in black ink, appearing to read "Bob Olsen".

THE MICHAEL ZIEGLER PRIDE INDUSTRIES FOUNDATION

PRIDE's Foundation funds vocational training, job coaching, internships, job support technology, and accommodations so that individuals of all abilities can realize their true potential, become self-sufficient, and contribute to their communities.

Earlier this year, the Foundation was officially renamed The Michael Ziegler PRIDE Industries Foundation in honor of Michael "Zig" Ziegler, PRIDE Industries' CEO for 37 years. Zig passed in May 2020, after dedicating his life to creating jobs for people with disabilities and barriers to employment, including veterans, former foster youth, and trafficking survivors.

COVID-19 Disaster Relief Funds



Highlights

95 employees received COVID-19 disaster relief funds.

Like the rest of the country, COVID-19 presented challenges to our organization and impacted many of our employees. PRIDE's Foundation acted immediately by shifting its focus and raising \$55,000 in community funds to provide emergency assistance.

50 at-risk foster youth received paid internships.

PRIDE partnered with 3Strands Global Foundation (3SGF) to provide workforce development training to 50 youth ages 18-24 as part of 3SGF's goal to protect at-risk individuals from exploitation through meaningful employment. PRIDE Job Developers worked with each individual to complete a needs assessment, career exploration/interest assessment, and develop specific goals toward advanced education, trade skill training, or employment.

PRIDE is grateful to the many community employers that partner with PRIDE, providing internships and job opportunities. Grant funds provided survivors of human trafficking with 90-250 hours of internship experience paid at a minimum wage.

27,060 hours of employment support.

Through our community employment programs, PRIDE partners with businesses to build a reliable workforce that adds value to the community and creates meaningful jobs for people with disabilities.

Our services support people with disabilities to overcome employment barriers and develop the skills they need to lead more independent lives. Donated funds provide assistive technologies, transportation, internships, training, job coaches, and other essential job accommodations. Together with our network of community employers, we create sustainable employment outcomes that change lives.

Community Partners Include:



THANK YOU DONORS

We would like to thank our funders whose investments advanced our mission of creating jobs for people with disabilities.

Endowments

Ethan Allen Herr Memorial Endowment Fund
Placer Community Foundation
Power of Purpose Fund

Foundation

Our Little Light Foundation
Sacramento Region Community Foundation
Ticket to Dream Foundation
United Auburn Indian Community (UAIC)

Corporate

GAP Inc.
Kelly Foundation
Teichert
Union Bank
U.S. Bank
Wells Fargo

Major Donors (\$10,000+):

Anonymous
Eric and Kate Stille

And a special thanks to all those who contributed in memory of Michael Ziegler

Total Amount Raised:

\$692,127



PRIDE Industries ranked 14 out of 615 nonprofits that participated in Big Day of Giving 2020 with contributions totaling \$101,186.



PRIDE'S RESPONSE TO A GLOBAL PANDEMIC

From the beginning of the COVID-19 pandemic, our employees' and customers' safety and well-being have been the top priority.

In mid-March, a large population of PRIDE employees pivoted to virtual work environments; however, many team members were deemed essential workers needed to keep airports, military bases, and medical equipment distribution operating during the pandemic. To safeguard everyone, PRIDE furnished personal protective equipment (PPE) and implemented safety training for employees across the country. We reconfigured floor layouts for social distancing and implemented frequent disinfection of our offices.

To support our customers' needs, PRIDE's Facilities team quickly launched an advanced cleaning and disinfection service to prevent COVID-19 spread on both surfaces and in HVAC systems. In a short time, we trained our custodial staff on the new cleaning protocol and deployed it at customer locations across the nation.

On the kitting and manufacturing side, we partnered with the California Medical Association to deliver 90 million pieces of critical PPE to keep small- and mid-sized medical practices operating across the state.

Thanks to all PRIDE team members for continuing to embrace safety and fulfill our customers' needs to keep our mission going strong. PRIDE Proud!



STRONGER TOGETHER: TWO COMPANIES, ONE MISSION

PRIDE Industries and Crossroads Diversified Services, Inc., two leaders in employment training, support, and job creation for people with disabilities, combined operations this year.

Together, PRIDE will blend its expertise in serving people with intellectual and developmental disabilities with Crossroads' specialty helping people with mental health-related disabilities. Our joint services will result in enhanced employment training and support services for people in our community.

"Crossroads has a long, rich history of successful employment programs for people with disabilities," said Jeff Dern, President of PRIDE Industries. "We welcome Crossroads' team members who share our passion for supporting those who need a helping hand. It's an ideal cultural fit."

According to Crossroads Chair Dave Levin, "Our Board believes this move provides the best opportunity for growing Crossroads' service offerings. PRIDE is a proven leader in

serving people with disabilities. As a combined organization, we will exceed the outcomes we could aspire to separately."

Founded in 1977, Crossroads brings to PRIDE various government contracts and commercial landscape and facilities customers in California, Texas, and Washington state.

Crossroads provides benefits planning and employment services for SSDI/SSI beneficiaries throughout California. The organization, which operates a local-area Job Center that supports more than 2,000 people per year, is one of the largest employment services providers for persons with mental health disabilities in Sacramento.

Erika Trujillo, the Interim President/CEO of Crossroads, also commented, "I am truly proud of the impact Crossroads has had on our community for the past 43 years. We constantly strive for ways to reach more people or be more impactful in our community. Joining with PRIDE allows us to do both. We are excited to achieve greatness for those we serve."

1

IDENTIFY

PRIDE sources qualified applicants.

2

TRAIN

Proprietary programs assess skills, providing workforce training for employment success.

3

SUPPORT

Ongoing coaching and job training ensuring long-term career success.

4

EDUCATE

Customer workforce planning, company training, and regulatory compliance assistance.

A NEW PATH TO EXPAND OPPORTUNITY: INCLUSIVE TALENT SOLUTIONS

PRIDE is now leveraging its 50+ years of expertise, employing thousands of people with disabilities, to help companies build inclusive workforces.

PRIDE is dedicated to shifting the paradigm about the value people with disabilities bring to a high-performance workforce. Studies show what we've always known—employees with disabilities have high retention rates, low absenteeism, and contribute to a positive workplace culture.

It's no surprise that company leaders are now open to an inclusive workforce, and PRIDE's performance excellence and continuous growth are proof that an inclusive workforce employment model works. To show others how to create a workplace where people of all abilities can thrive, PRIDE is pleased to launch Inclusive Talent Solutions (ITS), which leverages our decades of experience in inclusive hiring.

ITS recruits, trains, and provides ongoing coaching for people with disabilities at our partner companies.

We make it easy for businesses to create an inclusive workforce and decrease employment barriers faced by people with disabilities - offering workforce planning, internal training tools, and regulatory compliance support.

PRIDE is now leveraging its 50+ years of expertise, employing thousands of people with disabilities, to help companies build inclusive workforces.

The idea grew out of PRIDE's inclusion in Amazon's Alternative Workforce Staffing program in 2017. Since then, we've trained and coached hundreds of Amazon employees with diverse abilities throughout California. Amazon expanded our contract in 2020 to include Amazon sites in Nevada.

ITS has unlimited potential to help companies expand their talent pool to employees of all abilities. It is critical to achieving our Big Hairy Audacious Goal of creating 100,000 jobs for people with disabilities.

FOSTER YOUTH SERVICES SUCCESS STORY: KAT

“As a young adult who has recently transitioned from the foster care system, I’ve had to overcome many obstacles without family support or guidance. I did not have a job or work experience and had to figure out how to sign up for school, find internet access, and pay my bills. I felt like I was stuck in a hard place with nowhere to turn.

I was referred to PRIDE Job Developer Lana Malik, who helped me plan my job search and guide me through the interview process. She also showed me how to make a positive first impression.

Helping people is my passion, and Lana helped me find a job that suited my interests. I just finished my first month working as a home health aide, and I like my job! I enjoy cooking, cleaning, and assisting my client, and it’s a wonderful feeling to have her greet me every time I arrive. My job means a lot to me; the skills I am learning now will help me serve my future clients as a social worker.

This spring, I will attend Folsom Lake College, eventually transferring to a four-year university. My dream is to start a nonprofit for foster youth, focusing on counseling and support. I also want to travel the world and become a homeowner. Thanks to generous donors, my journey has just begun!”



PRIDE AND DEDICATION: TRACY VALENCIA, JOB COACH

When Tracy Valencia was growing up, she would save all her class notes for her younger brother, whose disability made it hard for him to write. Her brother Ed used those notes to keep up in high school, eventually graduating as a straight-A student.

Today, Tracy brings this same thoughtful dedication to her work as a PRIDE Job Coach. Every year, Tracy helps dozens of people with disabilities learn the skills they need to get and keep a job. She also provides on-the-job support.

Tracy's role as a Job Coach has become even more crucial during the pandemic. For example, when S.L. Scotty, one of Tracy's clients, wanted to continue his work at an R.C. Willey Distribution Center, Tracy was both proud and concerned. The pandemic was new; safety guidelines still needed to be defined.

Tracy knew she wanted Scotty and others to take every precaution possible, so she partnered with PRIDE's Safety team to provide masks and gloves for these employees as soon as possible. PRIDE management had already sourced the needed materials, so Tracy was able to equip her clients to continue working safely.

"I'm proud of the people I support," says Tracy. "Nothing was going to stop them from doing their jobs. We truly have some shining stars out there."



AWARDS & RECOGNITIONS

- Recognized by the American Legion Department of Texas for the **2019 Veterans Employment and Education Commission Employment Service Award**.
- In 2020, Michael Ziegler was a **Distinguished Career Honoree and named a Most Admired CEO** by the Sacramento Business Journal.
- Received the “**Nonprofit Employer of the Year,**” from the Texas Governor’s Committee on People with Disabilities’ Annual Lex Frieden Employment Awards.
- Proud recipient of the **2019 DEAL award for Leadership in Sustainability**, for PRIDE’s efforts in green supply purchases, water usage, and waste diversion.
- PRIDE’s facilities teams in Fort Worth and El Paso were recognized by Texas Governor’s Committee on People with Disabilities as **Texas Nonprofit Employer of the Year**.
- In recognition of his role in transforming PRIDE Industries into the country’s leading employer of people with disabilities, CEO Michael Ziegler received a **commendation from the City of Roseville, CA**.
- PRIDE’s President and CEO Jeff Dern named a **Sacramento State University Distinguished Alumni**.

We are proud of our 30+ years of service to our U.S. military customers. Overall, we have 1,843 team members working on 54 facilities contracts with federal government agencies. In December 2020, PRIDE was re-awarded the facilities operations and maintenance contract at the U.S. Army Forces Command’s largest installation, Fort Bliss in El Paso, Texas. Since 2007, when PRIDE first began working at Fort Bliss, the installation’s requirements have more than doubled. Today, we employ over 400 team members in El Paso, Texas, 70% of whom have one or more disabilities.



2019-2020 FISCAL YEAR HIGHLIGHTS



Gutterglove

AUGUST

Supported employment group contracts began at Gutterglove & SF Bay Coffee.

OCTOBER

Awarded Berkeley, CA Custodial & Environmental Services contract, maintaining 512k sq. ft. at 33 locations.



JANUARY

Expanded our partnership with Intermotive Inc., providing electronic manufacturing for their new ADA Talking Bus system.

MARCH

Developed digital programs and resources to stay connected to our team members with disabilities who could not physically be in our offices due to COVID-19.



MARCH

71 PRIDE employees loaded 151 pallets of food, unpacked pallets, and stocked supplies on the United States Naval Ship Mercy hospital ship, deployed to provide medical resources during the pandemic.

ΔVANOS

APRIL

Avanos expanded its contract with PRIDE Electronics to manufacture their new Med4 Elite Class II medical devices.

2019

JULY

Launched PRIDE's new service offering, Inclusive Talent Solutions (ITS).

OCTOBER

PRIDE's team in Honolulu, HI, partners with the VA's Homeless Veterans Employment Services to host monthly job fairs for veterans.



JANUARY

Launched Personal Care Aide Pilot program for people with disabilities to earn certification to work with senior citizens.

JANUARY

PRIDE's Electronics team hosted a tour for visitors from the Hong Kong Electronic Industries Association, Hong Kong Polytechnic University, and AML Comtech International Limited.



MARCH

Commissioned by LA Air Force Base to repair a gas station and bring its operation up to code. After years of non-compliance, PRIDE's hard work resulted in zero findings during the inspection.



APRIL

The PRIDE Facilities team at Fort Polk, LA installed a crucial temporary emergency generator, eliminating power interruptions at their medical facilities treating COVID-19 patients.

Click on each story to read more!



MAY

Our Outsourced Workforce team contracted with the new Hard Rock Hotel & Casino Sacramento at Fire Mountain, providing cleaning and decontamination services.



MAY

PRIDE was awarded a contract from Lawrence Livermore National Laboratories (LLNL) to manufacture cables and printed circuit board assemblies.



MAY

BrilliantPad/Chicago PPE petitioned PRIDE for the warehousing and shipping of over 2 million protective masks across the nation.



JUNE

PRIDE was thrilled to be part of the first private rocket launch at Cape Canaveral. Our employees have maintained more than 2,600 acres on the Cape Canaveral Air Force Station grounds for over a decade.



JUNE

PRIDE announced it will combine operations with Crossroads Diversified Services.

2020

APRIL

PRIDE manufactured thousands of reusable face shields for our employees in the field and Federal customers across the country.



MAY

Deployed PRIDE's enhanced Coronavirus Cleaning and Disinfection services at clinical, government, and commercial locations.



MAY

TAGCarts partnered with PRIDE to assemble and ship hundreds of their single-use medical "HEROCarts" to areas highly impacted by COVID-19, including Los Angeles County, CA & the Navajo Nation Indian Reservations in AZ and NM.



JUNE

Awarded the distinguished CIMS-GB certification with honors for PRIDE's commitment to sustainable cleaning practices.



JUNE

PRIDE joined forces with the California State Council on Developmental Disabilities to distribute more than 1 million pieces of lifesaving PPE to facilities serving people with disabilities across Northern CA.



REMEMBERING ZIG

Michael Ziegler (1945 - 2020)

Friend, Champion, PRIDE Industries CEO for 37 years

Michael Ziegler always said that no one got to PRIDE Industries by accident. And it was through no accident that his force of personality would turn a sleepy nonprofit founded in a church basement into the nation's leading employer of people with disabilities.

Zig's passion for PRIDE's mission was contagious. His charismatic, yet zany personality created a fun and rewarding workplace. This is evidenced by all the employees who joined PRIDE and stayed for decades. Zig always had a smile and a joke. He also had a singular focus on growing PRIDE's business, but always with one goal in mind — creating more jobs for people with disabilities. Zig knew the value and dignity associated with earning a paycheck. His love for PRIDE was as big as his love for life. Zig will always be part of the PRIDE Industries family. He will be remembered for his leadership, laughter, and above all, his dedication to providing a helping hand to people in need.

We love ya Zig.



LEADERSHIP

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President of Indirect Procurement

Walt Payne ^{3, 4}

Blue Diamond Growers, Retired
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Rob Lynch ⁴

VSP Global, President/CEO

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Waste Connections, Inc.,
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Vanir Group of Companies, Chairman

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Air Force, Retired Past Chair,
SourceAmerica Board of Directors

H. Rao Unnava ^{3, 6}

Dean and Professor at UC Davis
Graduate School of Management

Dawn Clayton ⁵

General Manager,
Thunder Valley Casino Resort

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1. Executive 2. Finance 3. Audit 4. Compensation 5. Real Estate 6. Personnel

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President/CEO

Leah Burdick

Chief Growth Officer

Alan McMillan

Chief Information Officer

Vic Wursten

Chief Rehabilitation Officer

Casey Blake

Chief Operating Officer

Everett Crane

Chief Financial Officer

Tina Oliveira

Chief Human Resources Officer

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