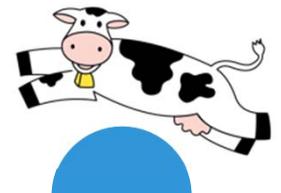


**HORIZON**



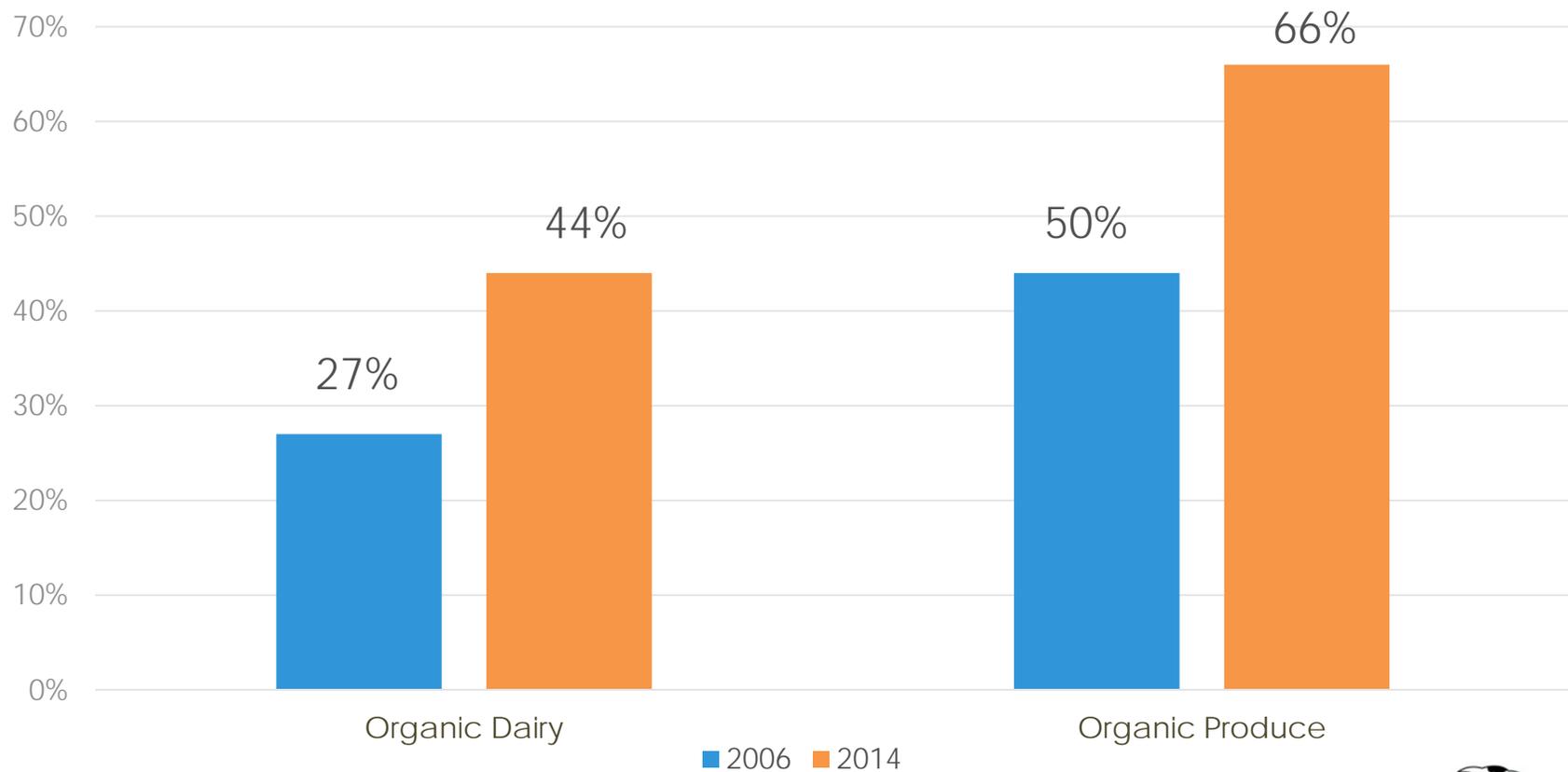
# Happy Birthday Horizon Organic!



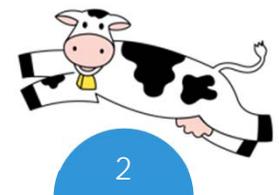


## Organic produce and dairy are drivers of organic growth

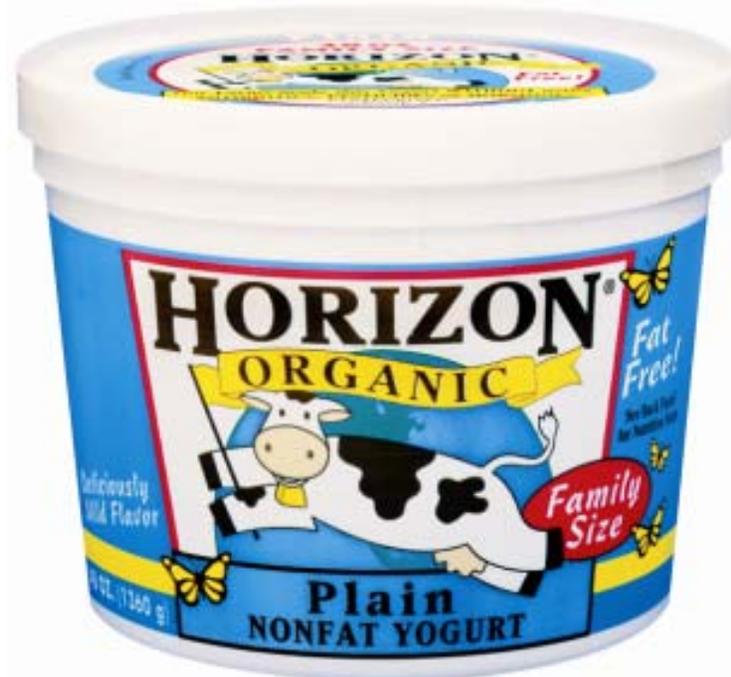
% of consumers indicating they used the category



Source: NMI 2015 Trends in Healthy Living

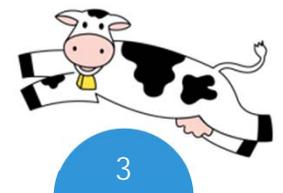


**HORIZON**



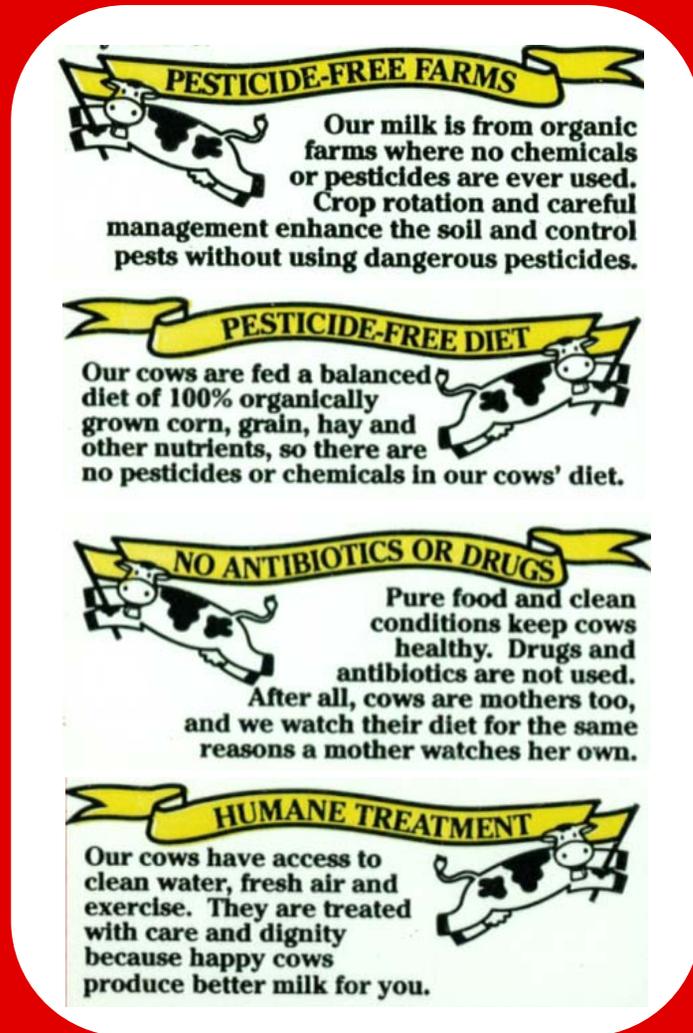
Since Horizon Organic was founded in 1991, we've been a pioneer in the organic movement.

*San Francisco Chronicle* two days after we're in business— "Best Nonfat Yogurt!"



# Certified Organic: a new paradigm in agriculture

1992



**PESTICIDE-FREE FARMS**  
Our milk is from organic farms where no chemicals or pesticides are ever used. Crop rotation and careful management enhance the soil and control pests without using dangerous pesticides.

**PESTICIDE-FREE DIET**  
Our cows are fed a balanced diet of 100% organically grown corn, grain, hay and other nutrients, so there are no pesticides or chemicals in our cows' diet.

**NO ANTIBIOTICS OR DRUGS**  
Pure food and clean conditions keep cows healthy. Drugs and antibiotics are not used. After all, cows are mothers too, and we watch their diet for the same reasons a mother watches her own.

**HUMANE TREATMENT**  
Our cows have access to clean water, fresh air and exercise. They are treated with care and dignity because happy cows produce better milk for you.



2002



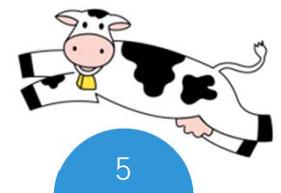
As regulated by USDA's National Organic Program (NOP):

- ✓ Produced without toxic and persistent pesticides
- ✓ Natural resources, including soil and water quality, must be maintained or improved
- ✓ 100% organic feed required
- ✓ Produced without antibiotics, growth hormones, genetic engineering
- ✓ Grazing and access to outdoors required
- ✓ Humane animal treatment



## Challenges to growing our organic supply

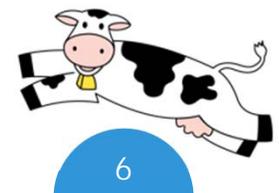
- The growth of organic food is driving increased demand for organic milk and cream, as a consumable product, as well as an ingredient in other organic products across the store
- Increased exports of organic dairy
- Strong competition for organic grain, including from organic eggs and meat
- Rise in private label offerings
- Farmers have more options than ever
- Organic farmers switching to supplying unregulated "single attribute" labels such as "antibiotic free," "non-GMO," "local," "grass-fed," and "humane."





## Challenges to growing organic supply

- Increases in number of farms can take over 3-4 years before milk comes in to the system. Three years to transition land to certified organic and 1 year to transition the milking cows.
- Individual farm expansions can take up to 3 years – 9 mos of gestation and two years to mature, as cows do not produce milk until they are two years old.
- Farmers considering transitioning to organic must be able to have or acquire additional nearby acres to meet the pasture and outdoor access requirements.
- As milk network increases, support network must also expand – feed, land for pasture, heifer raising, veterinarians that understand organic practices, etc.





Farmer



Organic Farmland



Organic Heifers



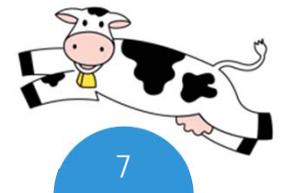
Organic Feed



Capital



New  
Organic  
Milk  
Supply

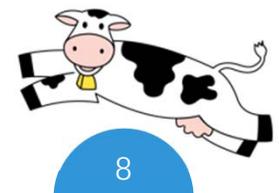




## How we grow our organic supply—Farmer

Our Producer Relations team works every day to support our farmer partners

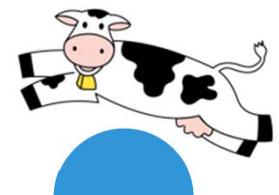
- Dedicated team that lives and works where our farmers live and work
- Support before, during and after the organic transition
- Legally binding letter of intent
- Horizon provides financial support to ease the burden of transition
- Multi-year contracts with:
  - Competitive prices that are not tied to the conventional pricing system
  - Quality, seasonality, and market adjustment premiums
  - No hauling costs
  - Financial assistance for expansion





## Organic vs. Conventional—Farmer Contracts

	Horizon	Conventional
Duration	1-5 years	No contract
Parties	Direct	With Co-op/Open market
Volume	All output	"As needed basis"
Price	Fixed – potential increases if input costs increase	Government sets monthly
Pay Structure	Components, Quality, Volume Premium, MAP	Components



**HORIZON**

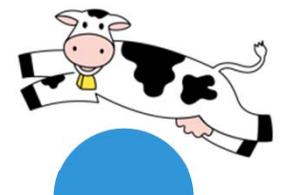


The HOPE program was created to:

- Help farmers transition to organic, provide organic farmers with information on topics important to their business, and support organizations that benefit family farms and the environment.
- Celebrate and encourage excellence in organic farming through unique programs such as our annual HOPE Award, HOPE Scholarships and National Quality Award.



Through our HOPE program, we strengthen the community by keeping our farmer partners informed about legislative & regulatory issues. Our goal is for authorities that govern our industry to hear each and every farmer's voice.





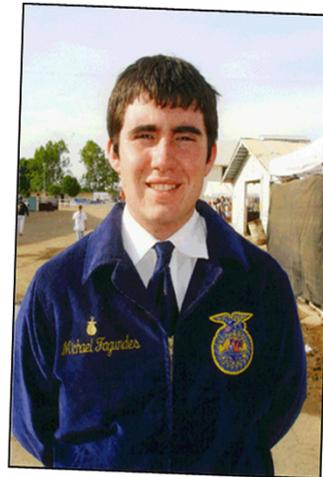
## Giving back



Callie Brodt  
Ferndale, CA



Mieke DeJong  
Bonanza, OR



Michael Fagundes  
Merced, CA



Ashlie Hardy  
Farmington, ME

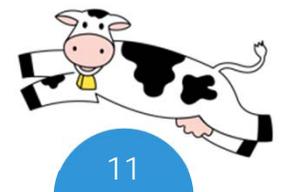


Sierra Knight  
Lisbon, NY



HORIZON ORGANIC PRODUCER EDUCATION

## Scholarship Recipients

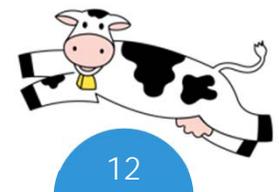


# HORIZON

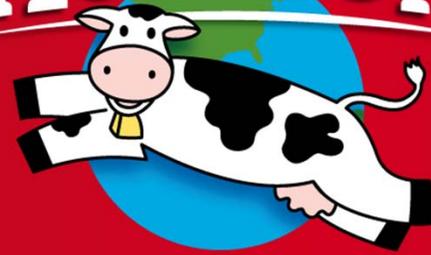


## Parting Thoughts

- We at Horizon Organic believe that we have an obligation to use the power of our brand to educate consumers and grow the organic market.
- Trust is the cornerstone of all organic brands, so transparency is imperative – from the supply chain to the product label to the USDA Organic Seal.
- When we work together to grow the organic dairy category, we create more opportunities for farm families to prosper through value added agriculture.
- We helped establish the national organic standards and the organic seal because consumers deserve a truthful organic label of the highest integrity, nothing less.
- We are challenged by existing laws and regulations that did not envision organic dairy and our practices, such as the Federal Milk Marketing Orders.



# HORIZON



And you thought it was  
just a glass of milk.

