

# The Business Case for Sustainable Organic Agriculture



Boligala Raju

President & CEO - High Quality Organics



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# Overview

- Brief Overview of HQO
- Sustainability & Organic Agriculture Defined
- Insights on Sustainability & Organics
- HQO Partner Case Studies
- Steps You Can Take



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# Who is High Quality Organics?

- One of the largest 100% USDA certified organic bulk, herb, spice and tea ingredient companies in the U.S.
- Provide custom formulations, packaging, private label
- The result of a merger in 2009



- Located in Reno, NV
- Growing at 20% a year



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# Who is High Quality Organics?



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# Sustainability & Organic Agriculture Defined

The Business Case for Sustainable  
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# Sustainability Defined

The ability to maintain...

a healthy  
business



ecological  
balance

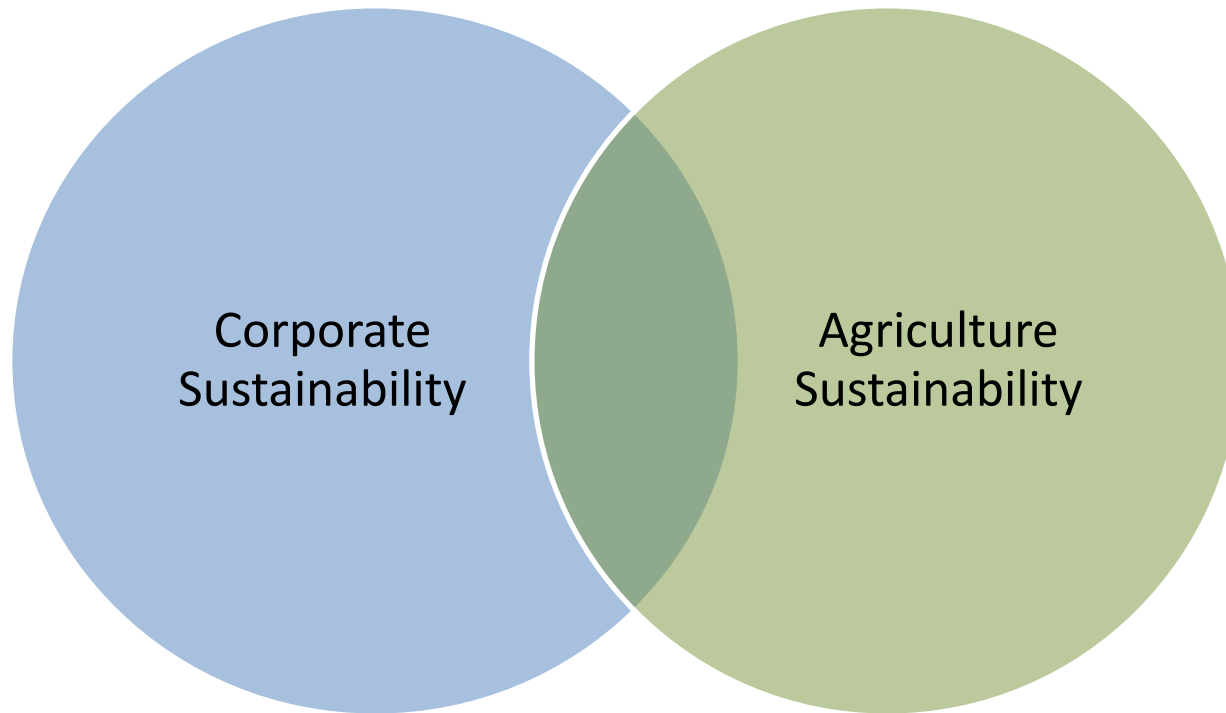


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# Sustainability Defined

## Food Business Sustainability

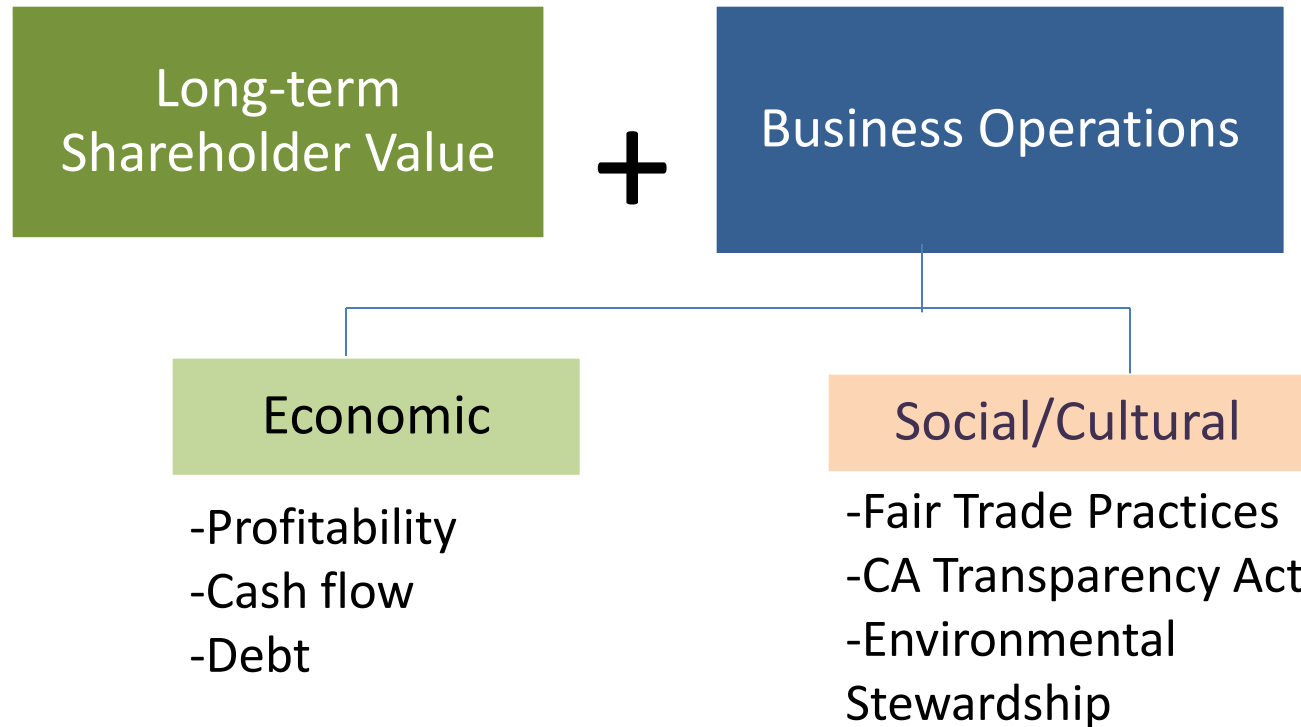


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# Sustainability Defined

## Corporate Sustainability



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# Sustainability Defined



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# Sustainability Defined

Maintains & replenishes soil fertility w/o synthetic pesticides & fertilizers

Produced w/o antibiotics, GMO or irradiation

**Organic  
Agriculture**

Animals are not cloned

Food is minimally processed w/o artificial ingredients or preservations



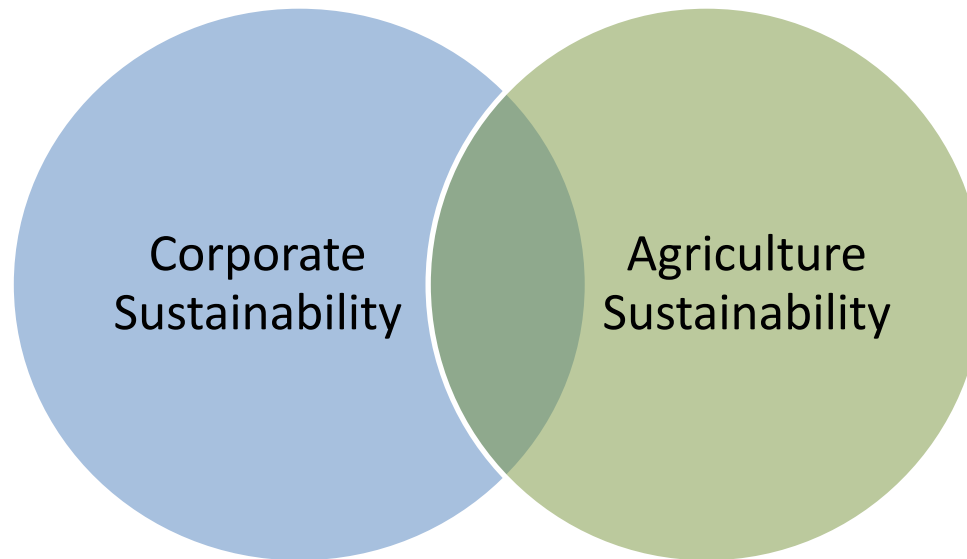
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# Sustainability Defined

## *Summary*

Sustainable organic agriculture is part of being a corporately responsible food business



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# Insights on Sustainability & Organics

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# Insights on Sustainability & Organics

## *Consumers Respond to Food Focused on Sustainability*

### **“Food with Integrity”**



- ✓ 100% of Chipotle’s beef is raised without the use of antibiotics or growth hormones
- ✓ 40% of the beans are organic, allowing for a reduction of more than 140,000 pounds of chemical pesticide use since 2005
- ✓ About 80% of the cilantro served at Chipotle restaurants is organically grown



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# Insights on Sustainability & Organics

## *Consumers Respond to Food Focused on Sustainability*

- Example: Häagen-Dazs® Help the Honey Bees Campaign
  - Situation: Bee colony collapse threatening Häagen-Dazs natural food supply
  - Goal: Increase consumer awareness of bee situation and raise funds for research
  - Buy a carton, save a bee



Häagen-Dazs loves Honey Bees



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# Insights on Sustainability & Organics

## *Consumers Respond to Food Focused on Sustainability*

- Example: Häagen-Dazs® Help the Honey Bees Campaign
  - Results: Campaign has been so successful it's continuing into a second year not originally planned
  - Häagen-Dazs has donated over \$600,000 to Pennsylvania State University, College of Agriculture Sciences for research, education and sustainable bee keeping



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Häagen-Dazs loves Honey Bees

# Insights on Sustainability & Organics

## *Demand for Organic Food Continues to Grow*

**78%** of U.S. families are **buying organic food**, up from 73% in 2009.

**Four in Ten** families say they are **buying more organic products** than they were a year ago.

HEALTHIER FOR ME AND MY CHILDREN  
NUMBER ONE MOTIVATOR CITED BY PARENTS FOR  
CHOOSING ORGANIC FOR THE THIRD CONSECUTIVE  
YEAR.



**Seventy Two** PERCENT of parents are familiar with the USDA Organic seal, up from 65% in 2009.

Organic Trade Association U.S. Families' Organic Attitudes & Beliefs 2011 Tracking Study



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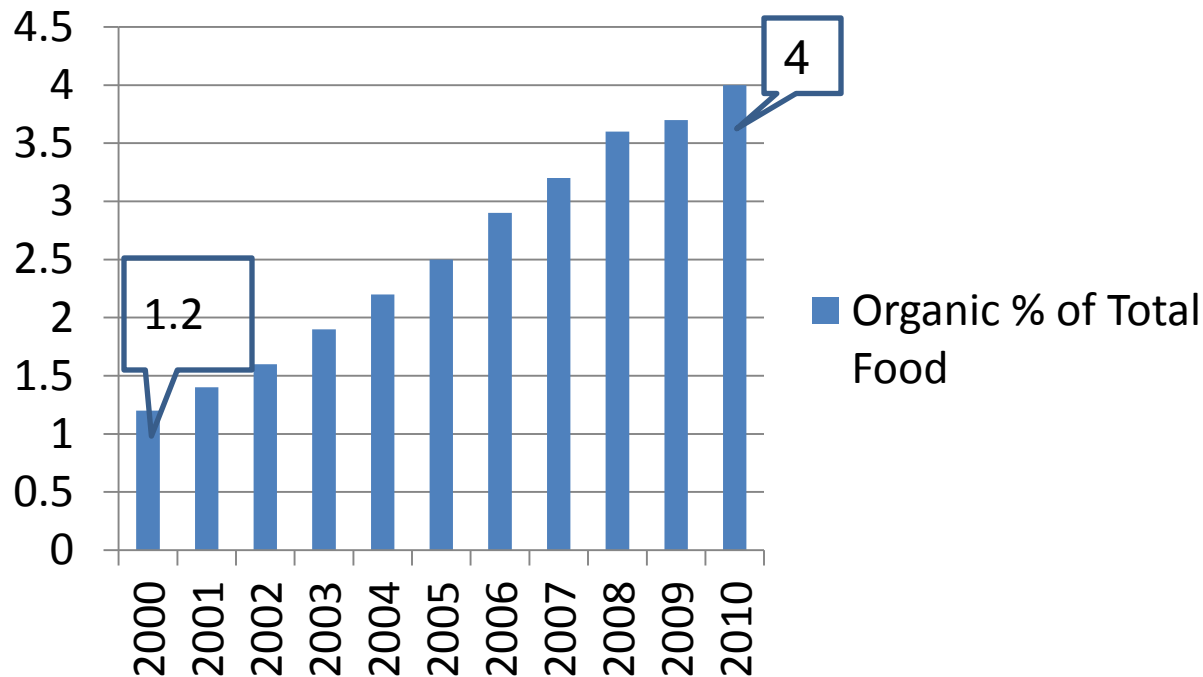




# Insights on Sustainability & Organics

## *Organic Sales as a Percentage of Total U.S. Food Sales*

Organic % of Total Food



Source: Organic Trade Association



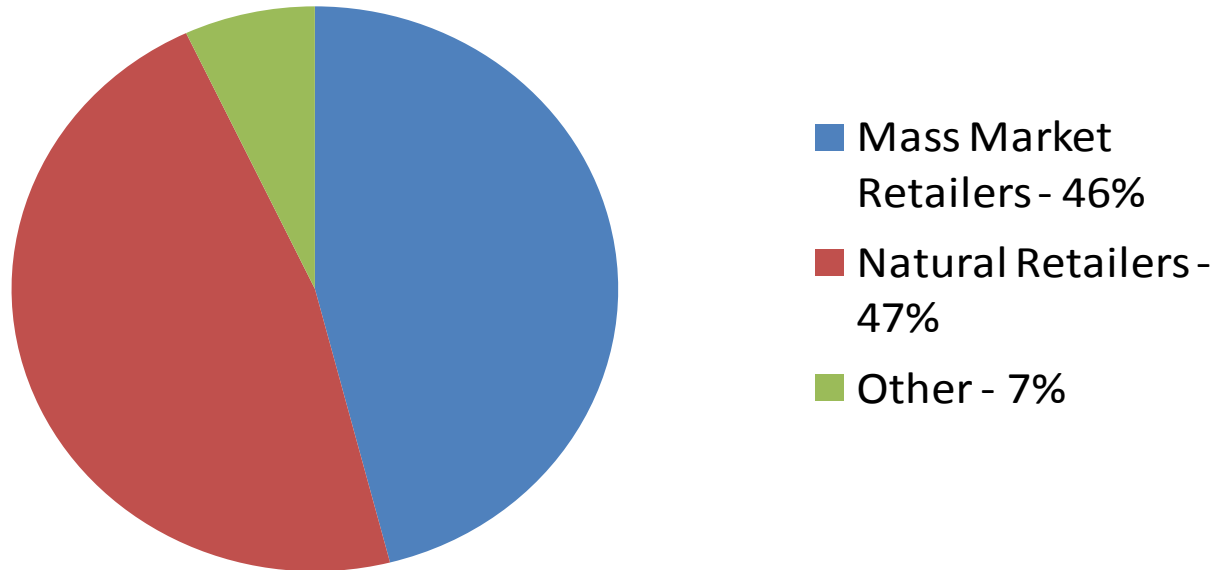
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# Insights on Sustainability & Organics

## *Organic Shopping Goes Mainstream*

Where Consumers Bought Organic Food in 2005



Source: Organic Trade Association



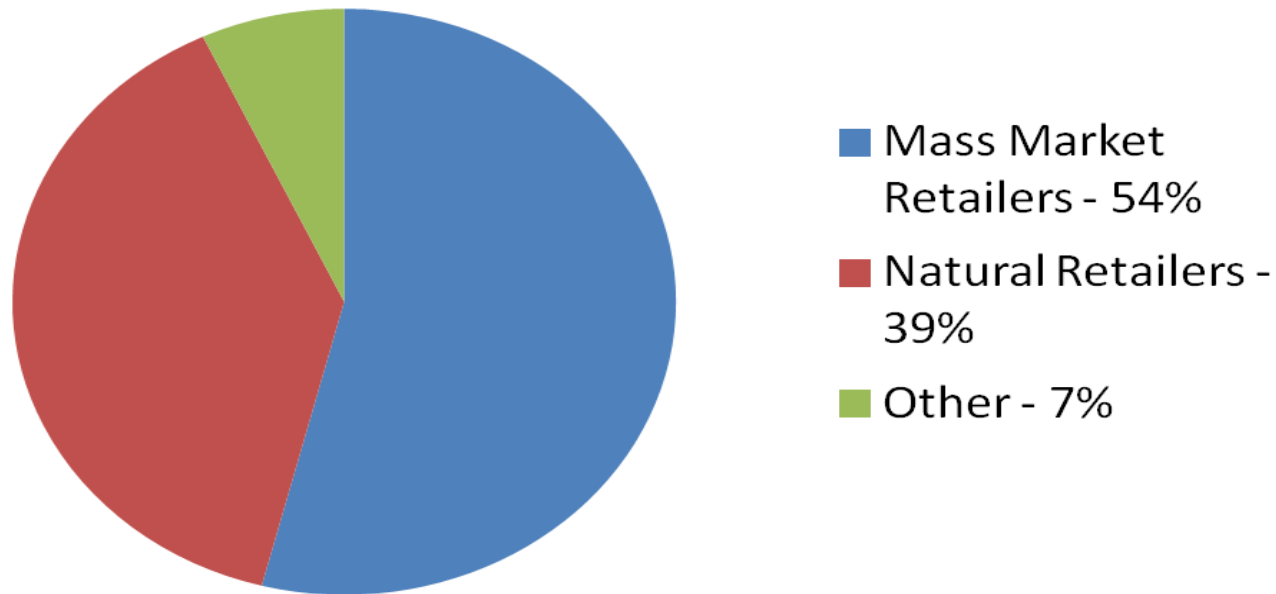
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# Insights on Sustainability & Organics

## *Organic Shopping Goes Mainstream*

Where Consumers Bought Organic Food  
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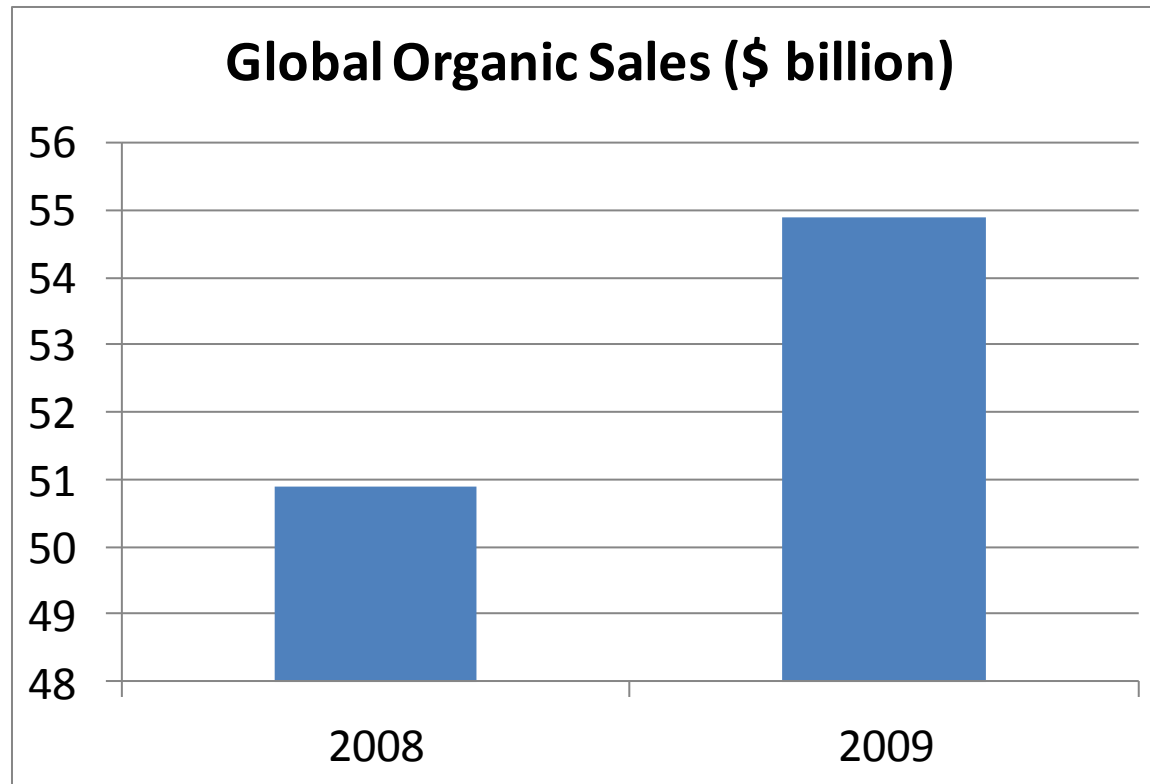


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# Insights on Sustainability & Organics

## *Organic Consumption Grows Globally*



Source: Organic Monitor (\$ billion)



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# Sustainability Defined

## *Summary*

It's an exciting time for agriculture and food.

A cultural shift is happening where many consumers are demanding sustainably grown foods.



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# HQO Partner Case Studies

## The Business Case for Sustainable Organic Agriculture



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# HQO Partner Case Studies

## *Improving Farming Capabilities in India with Sresta Organic Inc.*



Scale 1:134,000,000

Robinson Projection  
standard parallels 38° N and 38° S

January 2002

Boundary representation is  
not necessarily authoritative.

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# HQO Partner Case Studies



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# HQO Partner Case Studies

## *Improving Farming Capabilities in India*

### Pre-Organic Conditions

- Small farmers borrowed against future crop year to pay for pesticides, fertilizers and seed
  - Average income US \$440/acre
  - Average amount spent on expenses US \$286/acre
  - Average net income was USD \$154/acre – not sufficient to meet household expenses



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# HQO Partner Case Studies

## *Improving Farming Capabilities in India*

### Pre-Organic Conditions

- Soil condition too poor for successful production
  - Existing soil carbon content ~ 0.5%
  - Sustainable crop production requires 3-4% soil carbon content



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# HQO Partner Case Studies

## *Improving Farming Capabilities in India*

### Conversion to Organic

- Elimination of pesticide and fertilizer applications
- Water Conservation
  - Combined funds from local farming projects by non-profits allowed for bunding/trenching to gather and conserve water
- Soil Fertility
  - Animal and green composting
  - Crop rotation



Bunding



Green Manuring



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# HQO Partner Case Studies

## *Improving Farming Capabilities in India*

### Strategies Implemented for Organic Success

- Partnered with local processor that focuses on growing indigenous crops in a sustainable manner
- Partnered with local non-profits across India to assist in mobilizing farmers for best in class organic agriculture training and education



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# HQO Partner Case Studies

## *Improving Farming Capabilities in India*

### Results

- **Reduced Risk** – need to borrow money essentially non-existent due to reduced need for pesticides and fertilizers.
- **More Income** – farmers currently achieving 10-20% more income with projections of up to 40-50% more income based on type of crop producing.
- **Water Conservation** – soil able to retain 70% more water making droughts less stressful
- **Soil Improvement** – Improved biological activity resulting in expected 3-5% soil carbon level within five years



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# HQO Partner Case Studies

## *Creating a Sustainable Agriculture System in Egypt with Sekem*



January 2002

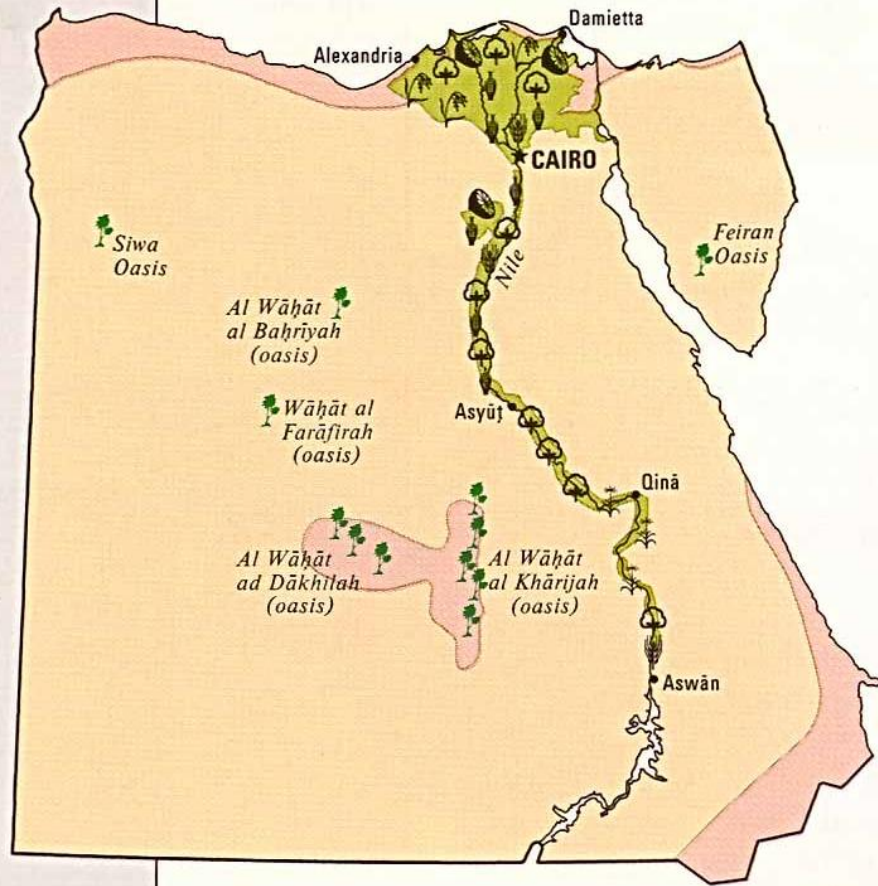
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







Robinson Projection  
standard parallels 38° N and 38° S

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# Land Use



-  Irrigated farming
-  Rough grazing/nomadic herding
-  Wasteland
-  Oasis
-  Citrus
-  Corn
-  Cotton
-  Rice
-  Sugarcane
-  Wheat



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# HQO Partner Case Studies

## *Creating a Sustainable Agriculture System in Egypt*

### Farming in the Desert

- Food scarcity real concern for Egypt
  - Egypt consists of over 95% desert
  - Leaves only 903.84 square feet of arable land per person for 84 million people (a football field is roughly 85,000 square feet)
  - Egypt's population is growing at 2% per year (roughly 1,659,987 people/year)
  - According to the World Bank, 20% of Egypt's population lives below the poverty line



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# HQO Partner Case Studies

## *Creating a Sustainable Agriculture System in Egypt*

### **Biodynamic Organic Agriculture**

- Specific form of organic agriculture
- Looks at the farm as a self-sustaining ecosystem including:
  - Soil
  - Plants
  - Animals
  - People



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## *Creating a Sustainable Agriculture System in Egypt*

### **Sustainable Organic Agriculture Practices Turn Desert Land into Fertile Soil**

- Closed nutrient cycle approach – what is on the land must sustain the land
  - Composting
  - Using animal manure to enhance soil nutrient content
  - Intercrop forestry (planting trees within fields) and crop rotation help maintain soil structure



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## *Creating a Sustainable Agriculture System in Egypt*

### **Sustainable Organic Agriculture Practices Turn Desert Land into Fertile Soil**

- Native predators reduce need for pesticides
  - Chrysoperla carne and ladybird (to control aphids)
  - Orius and amplyseius cucumeris (to control thrips)
  - Trichogramma (to control butterfly eggs)
  - Phytoseiulus persimilis (to control spider mites)



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## *Creating a Sustainable Agriculture System in Egypt*

### **Sustainable Organic Agriculture Practices Turn Desert Land into Fertile Soil**

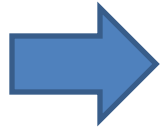
- Results
  - Increase water retention in soil (up to 70%)
  - Decrease water consumption (20-40%)
  - Soil's ability to hold water decreases soil erosion



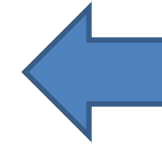
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# HQO Partner Case Studies



Typical  
desert  
soil



Several  
years later  
– arable  
land  
evolved



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# Steps You Can Take

## The Business Case for Sustainable Organic Agriculture



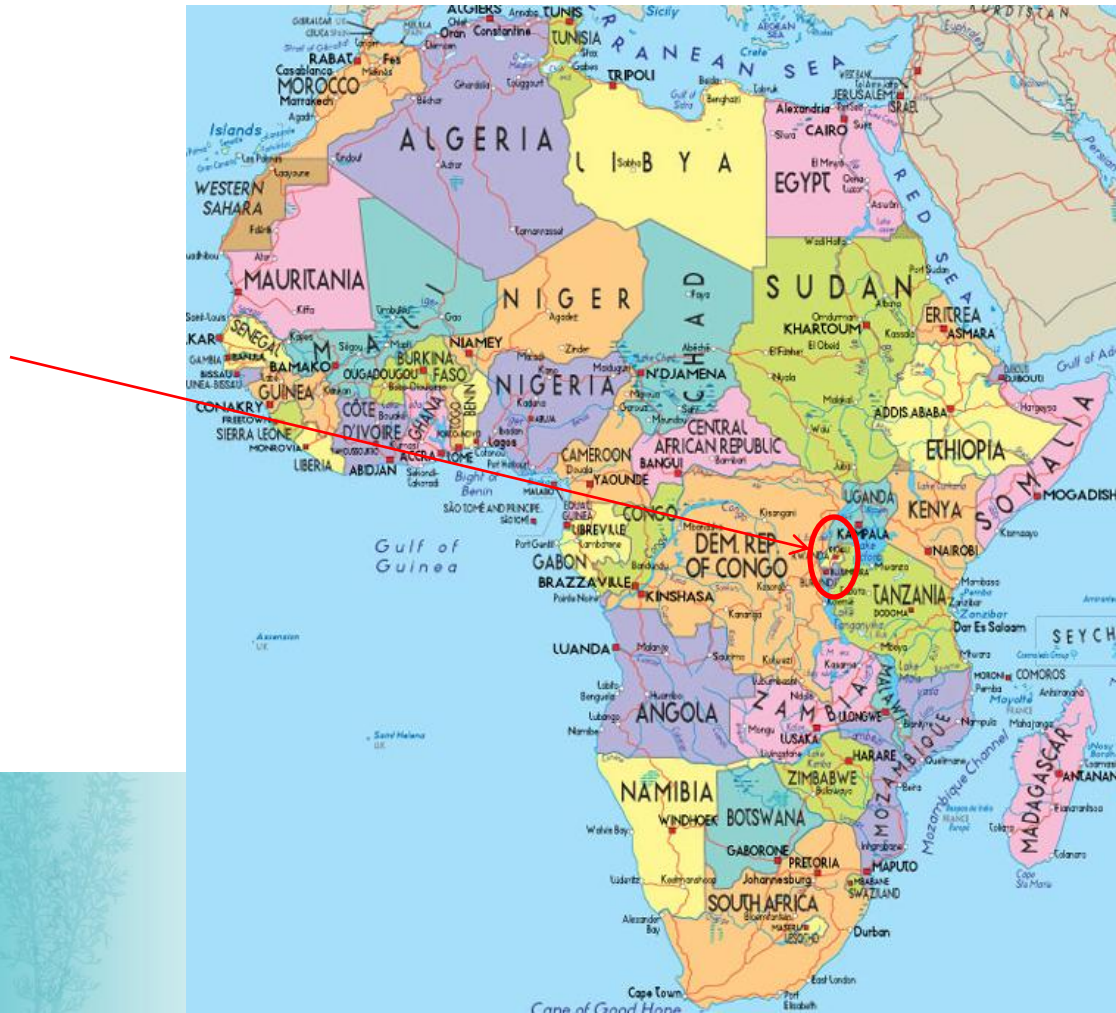
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# Steps You Can Take

## *Sustainable Agriculture Projects*

HQO  
partners  
with  
Rwanda  
girls  
school



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# Steps You Can Take

## *Sustainable Agriculture Projects*

### HQO Partners with Rwanda Girls School



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# Steps You Can Take

## *Sustainable Agriculture Projects*

### HQO Partners with Rwanda Girls School



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# Steps You Can Take

## *Sustainable Agriculture Projects*

### HQO Partners with Rwanda Girls School



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# Steps You Can Take

## *Sustainable Agriculture Projects*

### HQO Partners with Rwanda Girls School



# Steps You Can Take

## *Sustainable Agriculture Projects*

### HQO Partners with Rwanda Girls School



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# Steps You Can Take

## *Sustainable Agriculture Projects*

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# Steps You Can Take

## *Establish Benchmarks*

- Native plant and animal populations
- Water usage/conservation
- Energy usage/conservation
- Soil structure/nutrient density/biodiversity
- Supplier income
- Crop yields (long-term)
- Consumption (using less)
- Waste (zero waste)



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# Final Thoughts

## The Business Case for Sustainable Organic Agriculture



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# Final Thoughts

*Sustainable Agriculture is Good for Everyone*

- Environment
- Business
- People



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# Final Thoughts

*It's up to us as food companies to answer the demand of consumers.*



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# Questions?



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# Thank you

Boligala Raju

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