PAID CONTENT

Inside Organic: Elevating the Benefits of Organic from Seed to Shelf

October 26th, 2023 | 3-4:15 pm PT | FINA Theater

Show Announcements:

- Download the Mobile App to view the Exhibitor List, Show Schedule, Floor Plan and our Sponsors.
  - Thank you to our Mobile App sponsor: **Epicor. (Booth 4465)**
- Wi-Fi – Sponsored by **Cactus Botanicals (Booth 4237)**
  - Select network: SupplySideWest23
  - On the splash page, agree to terms & conditions
  - Enter access code: cactus4237 (access code is case sensitive)
- Please place all devices on silent mode
- The Expo Hall is open today from 10am – 5:00pm.
- What's Up With Supps is tonight from 5-11pm at the House of Blues at Mandalay Bay.
  Separate registration is required.

Inside Organic

Newhope.com/program/inside-organic

PARTNERED WITH:

ANCIENT NUTRITION · Ashland always solving · Bright Caps · CIRANDA · Global Organics Quality Ingredients Since 1992 · NIQ · PROTEIN RESEARCH · USDA ORGANIC

IN SIDE ORGA NIC

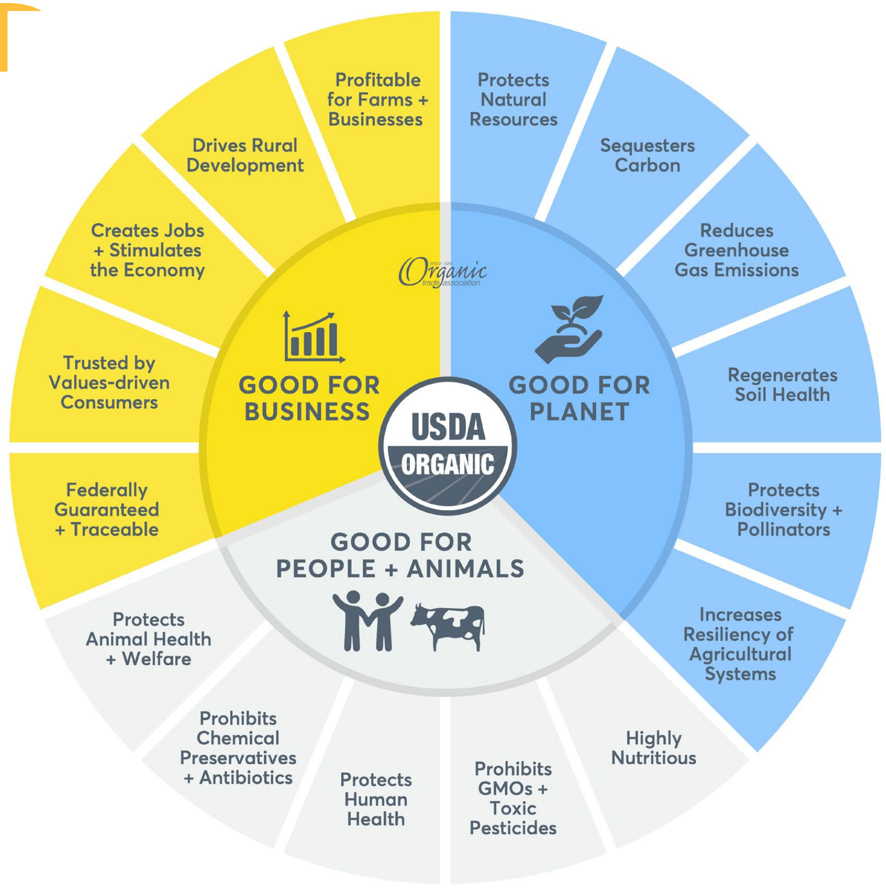
The Benefits of Organic

Organic is good for the planet, good for people and animals, and good for business.

Environmental benefits include improvements of: Biodiversity, soil health, farm resilience and climate change mitigation

Organic protects farmers, farmworkers, animal health, and rural communities, by reducing chemical exposure

Organic is good for business as it continues to be one of the fastest growing sectors in US agriculture and organic aligns with consumer priorities and values



Speakers

Sherry Frey, Vice President Total Wellness, NIQ

Gwendolyn Wyard, Founding Partner & Manager, Strengthening Organic Systems (SOS)

Tess Barr, Co-founder Bright Pharma Caps

Ashley Matheson-Scholl, President, Protein Research

Joe Rouleau, Head of Sustainability, Ciranda

Maxine Weber, Global Director of Marketing, Ashland

IN SIDE ORGA NIC

Today's Organic Consumer

Sherry Frey
Vice President Total Wellness, NielsenIQ

IN
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Inside Organic:

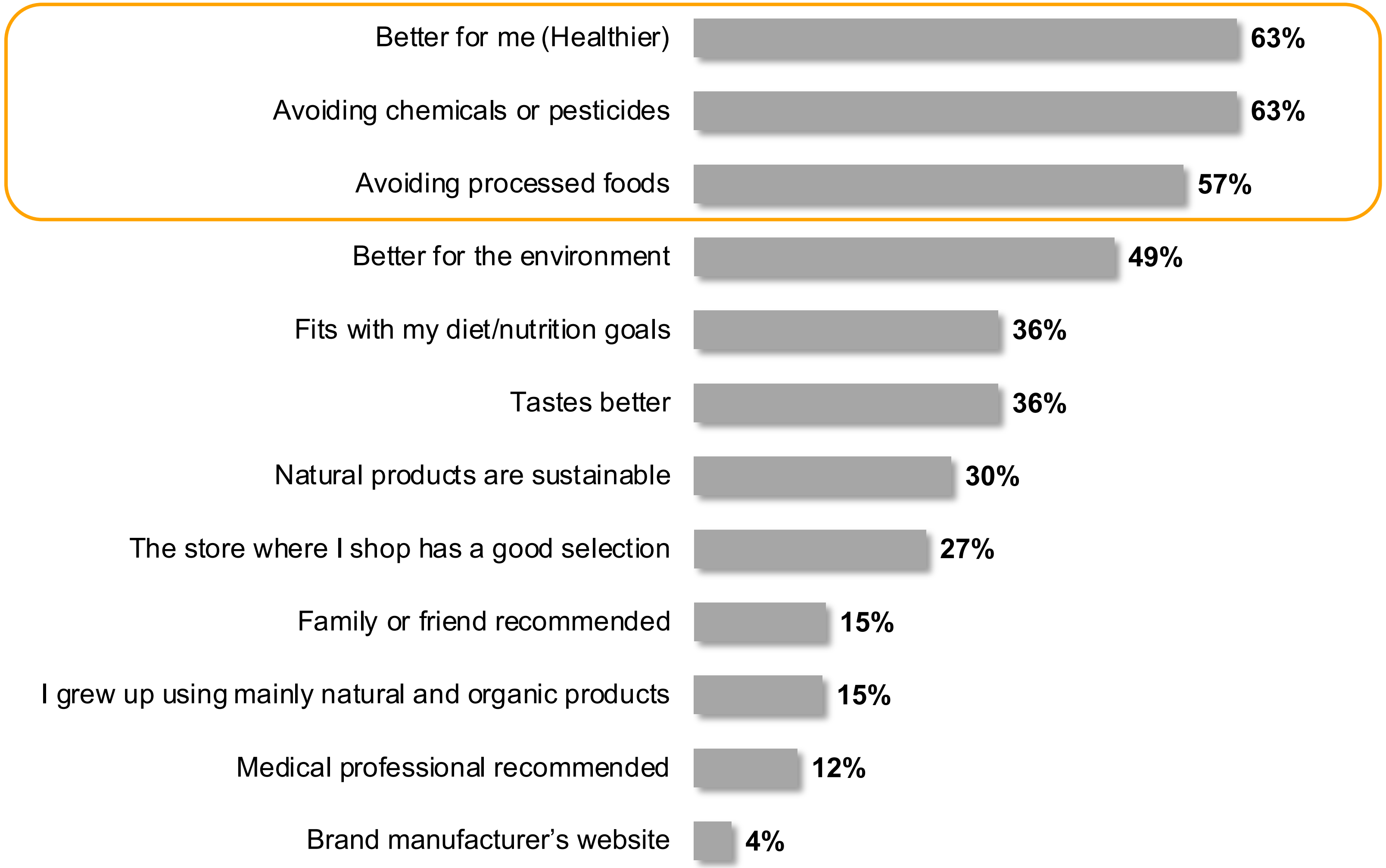
Elevating the benefits of organic from Seed to Shelf

Sherry Frey, *VP Total Wellness, NIQ*
Sherry.Frey@nielseniq.com

NIQ

Over half of shoppers purchase natural/organic products because they are…

Reason for Purchasing Natural/Organic Products

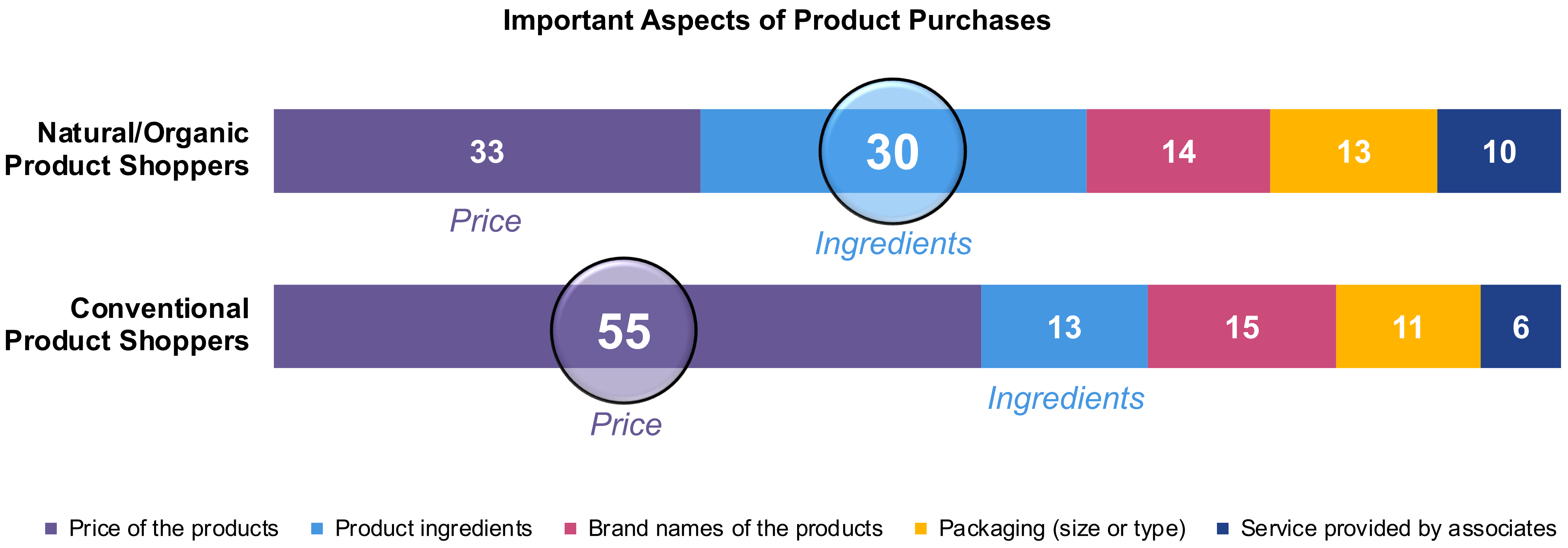


Source: Acosta Shopper Community Survey Fall 2022

acosta group Shopper Insights

NIQ

Natural/organic product shoppers place as much *importance on ingredients as price*, while over half of conventional products shoppers are about price



Source: Acosta Shopper Community Survey Fall 2022

acosta group Shopper Insights

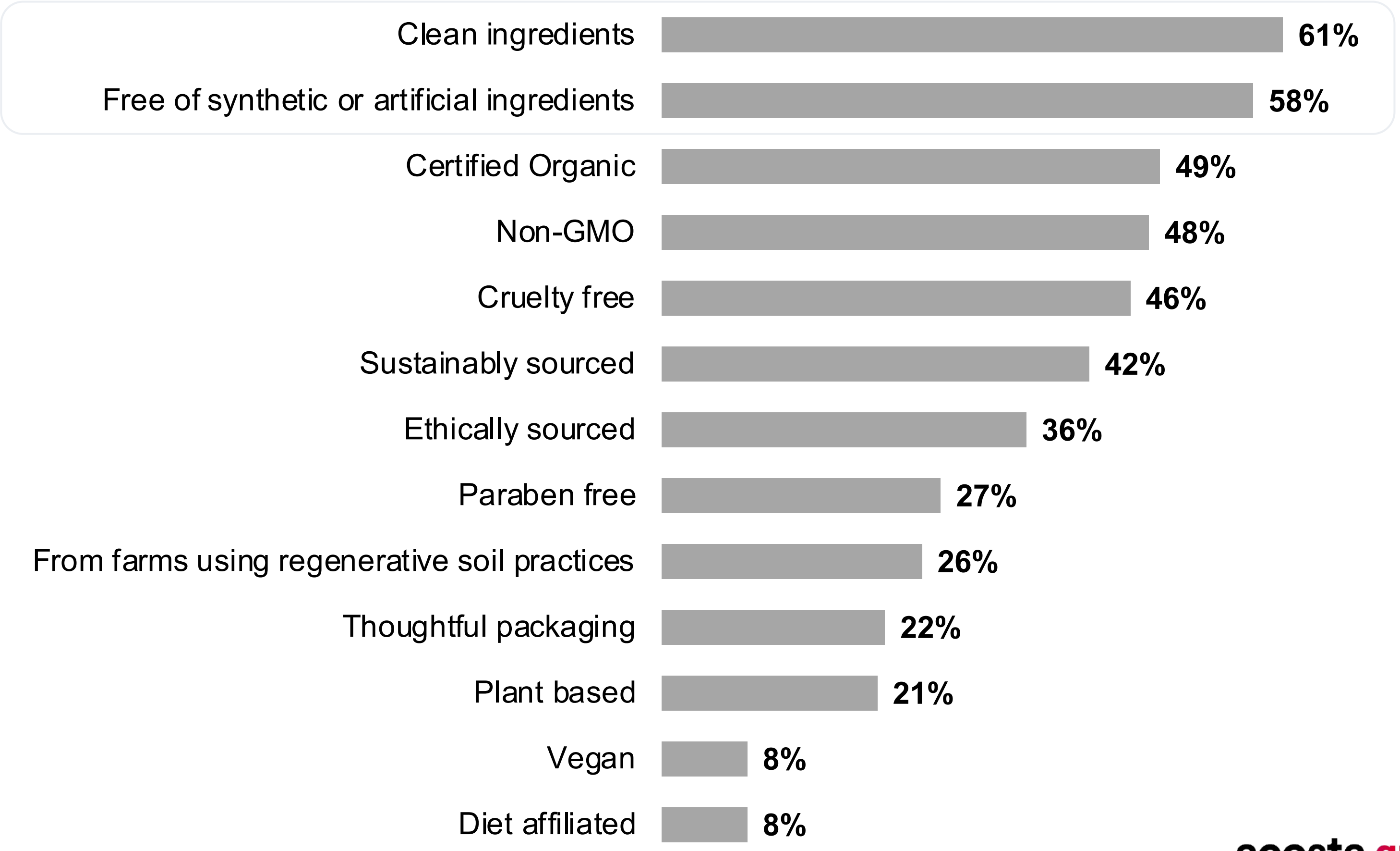
*"Because **clean ingredients makes it healthy** and having less chemicals."*

*"**I don't believe that artificial ingredients are healthy** and could lead to health problems down the road."*

*"I want to be as **healthy as possible** as I can, having product that does not contain synthetic or artificial ingredients I believe is healthier for me."*

Natural/organic product shoppers are specifically *looking for clean ingredients* and products free of synthetic or artificial ingredients

Important Factors When Choosing Natural/Organic Products



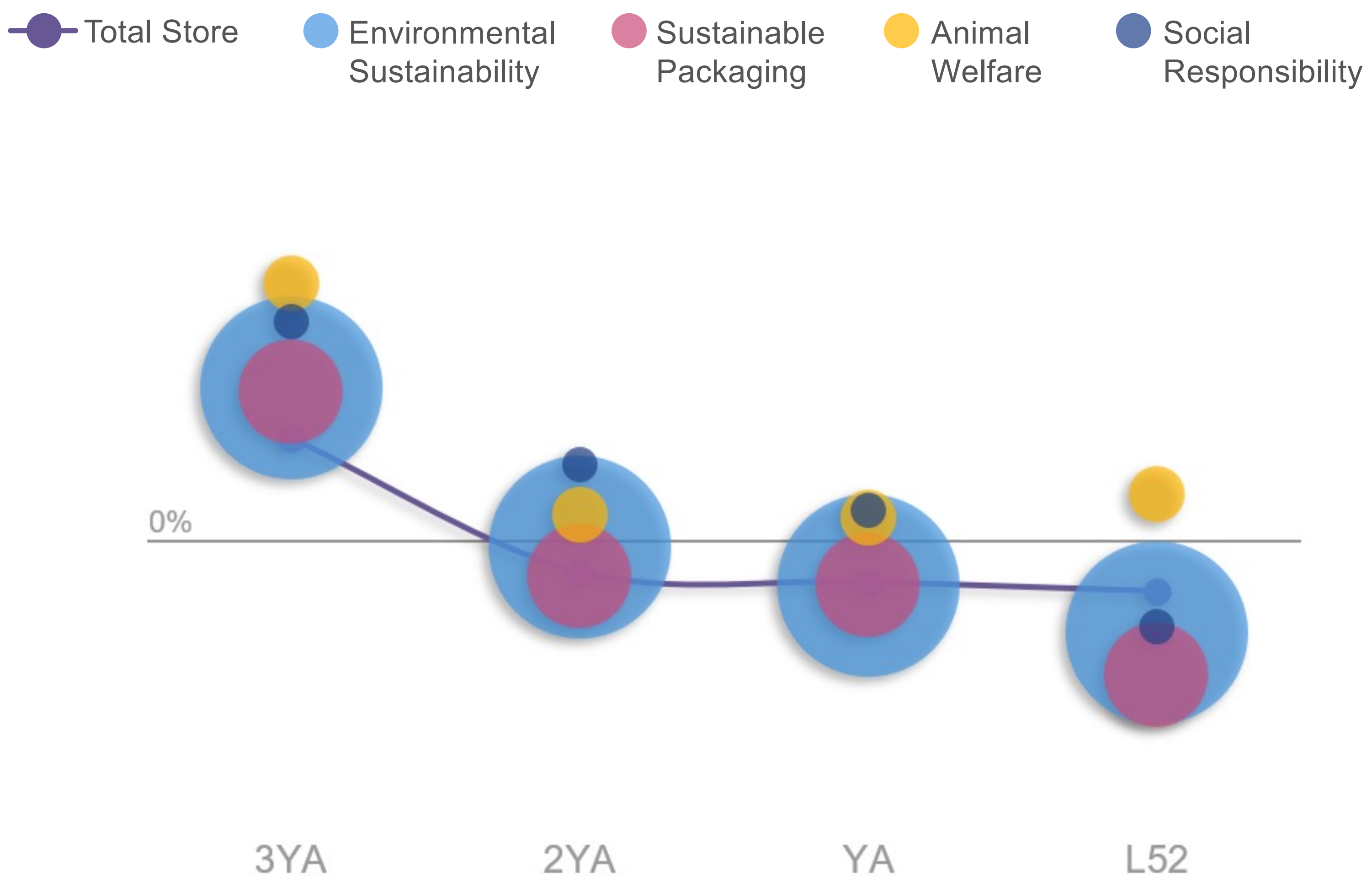
Source: Acosta Shopper Community Survey Fall 2022

The Business Case

Retail sales growth rate

CAGR Latest 52 weeks vs 4 years ago

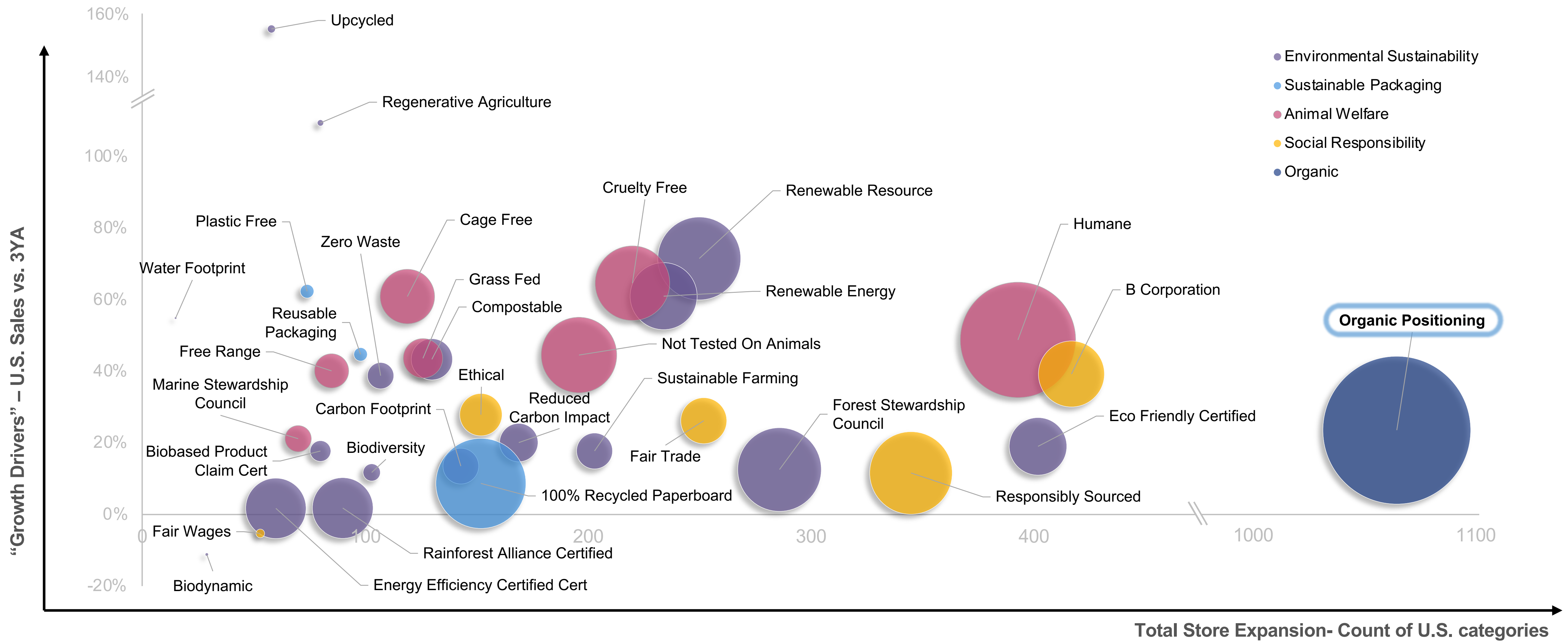
Retail unit growth rate last four years



Source: NielsenIQ Retail Measurement Services, NIQ Product Insight, powered by Label Insight, Total Store; Total US xAOC; 52 weeks W/E 07/15/23

NIQ McKinsey & Company

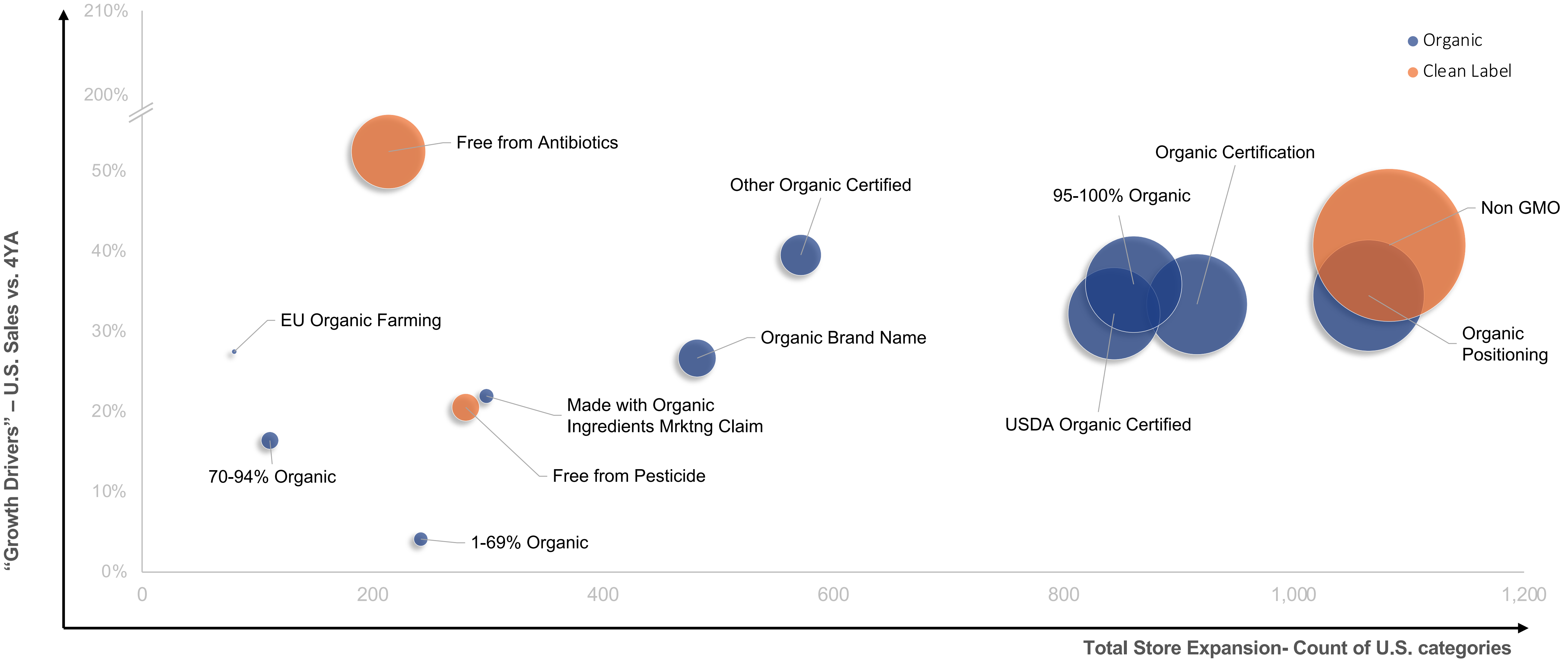
Sustainability claims growing across the store



Does not represent all available sustainable attributes

Bubble size denotes total sales in L52 week All attributes represent claims STATED on package unless indicated by an * symbol
Source: NielsenIQ Retail Measurement Services, NielsenIQ Product Insight, powered by Label Insight, Total Store; Total US xAOC; 52 weeks W/E 04/22/23 vs 3YA

Sustainability claims growing across the store



Does not represent all available sustainable attributes

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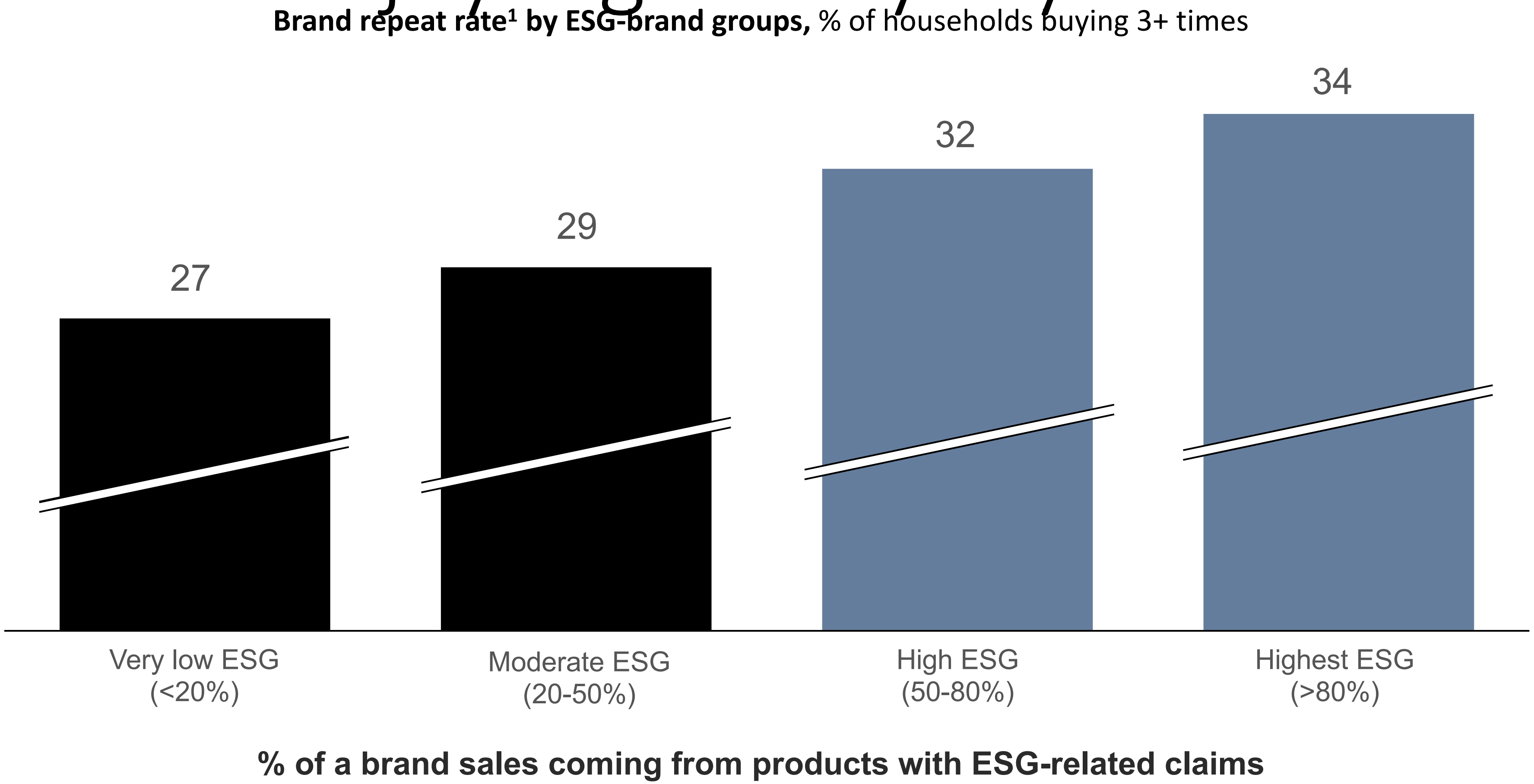
Source: NielsenIQ Retail Measurement Services, NielsenIQ Product Insight, powered by Label Insight, Total Store; Total US xAOC; 52 weeks W/E 05/20/23 vs 4YA

McKinsey & Company

Brands with a higher degree of ESG1-related claims enjoy higher loyalty



Brands with >50% of sales from products with ESG-related claims achieve repeat rates of up to 34%

+2% differential CAGR for products with 40%+ prevalence over those without claims, +5% for products with 10-40% prevalence); Brands with a higher % of sales from products with claims enjoy greater loyalty (higher repeat rates)

Organic products are *growing faster* than non-organics[1]

+6.5% | -0.3%

Total non-organics

+7.6% | +2.3%

Organic positioning stated

+7.2% | +2.2%

USDA Organic certification

4-year CAGR

$ Vol | Units

Source: NielsenIQ Homescan Panel; Total U.S., All Outlets; Total Panel; Product: PI Organic Positioning Stated; 52 weeks W/E 05/06/23

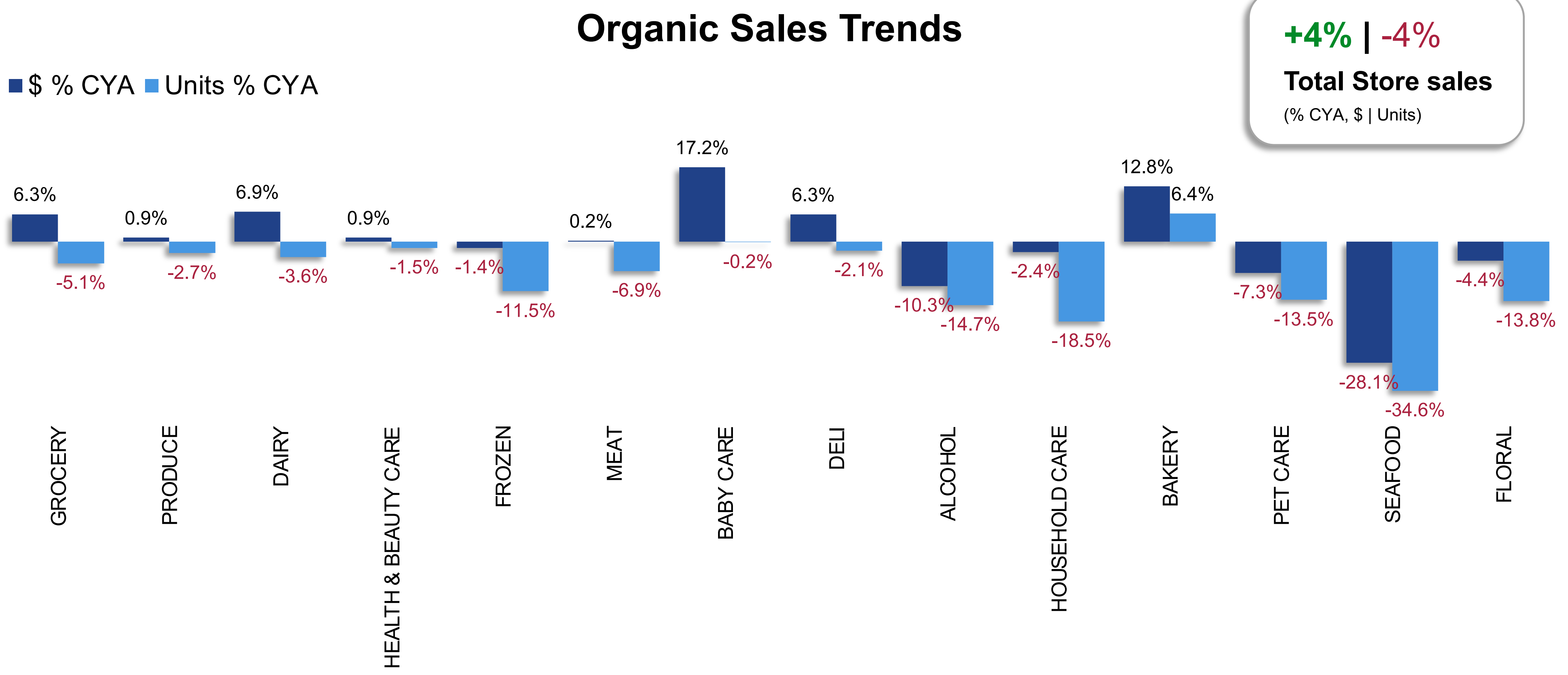
1- NielsenIQ Retail Measurement Services, NielsenIQ Product Insight, powered by Label Insight, Total Store; Total US xAOC; 52 weeks W/E 05/20/23 vs 3YA

Organic trends more nuanced than ever, growth slowing in the past year

Organic Product Insight Attribution	Sales growth vs YA: $ Vol	Sales growth vs YA: Units	Sales growth vs 4YA: $ Vol	Sales growth vs 4YA: Units
NON-ORGANIC	+6.0%	-3.3%	+22.8%	-7.7%
PI ORGANIC POSITIONING STATED • *Organic symbols, logos, certifications* • *Products that position themselves as organic in any way*	+3.9%	-4.1%	+26.0%	+1.2%
PI ORGANIC MARKETING CLAIM STATED • *Marketing Claim* • *Organic Brand Name* • *Made with Organic Ingredients*	+3.7%	-4.2%	+24.9%	+0.4%
PI ORGANIC CERTIFICATION STATED • USDA and Other Organic Certification	+4.2%	-4.2%	+26.1%	+1.8%
PI ORGANIC DEGREE STATED • *95-100% organic* • *70-94% organic* • *1-69% organic*	+4.1% +4.4% +0.2% -5.5%	-4.2% -3.5% -12.1% -13.8%	+16.5% +27.6% +8.8% -11.6%	+26.2% +3.4% -19.5% -32.9%
PI EU ORGANIC FARMING STATED	+30.0%	+23.4%	+70.8%	+69.0%

Source: NielsenIQ Retail Measurement Services, NielsenIQ Product Insight, powered by Label Insight, Total Store, Total US; 52 weeks W/E 08/12/23 vs YA and vs 4YA

Organic dollar sales up, but units down in many categories



34%	26%	18%	5%	5%	5%	3%	1%	1%	1%	<1%	<1%	<1%	<1%

$ Share of Organic

+4% | -4%

Total Store sales

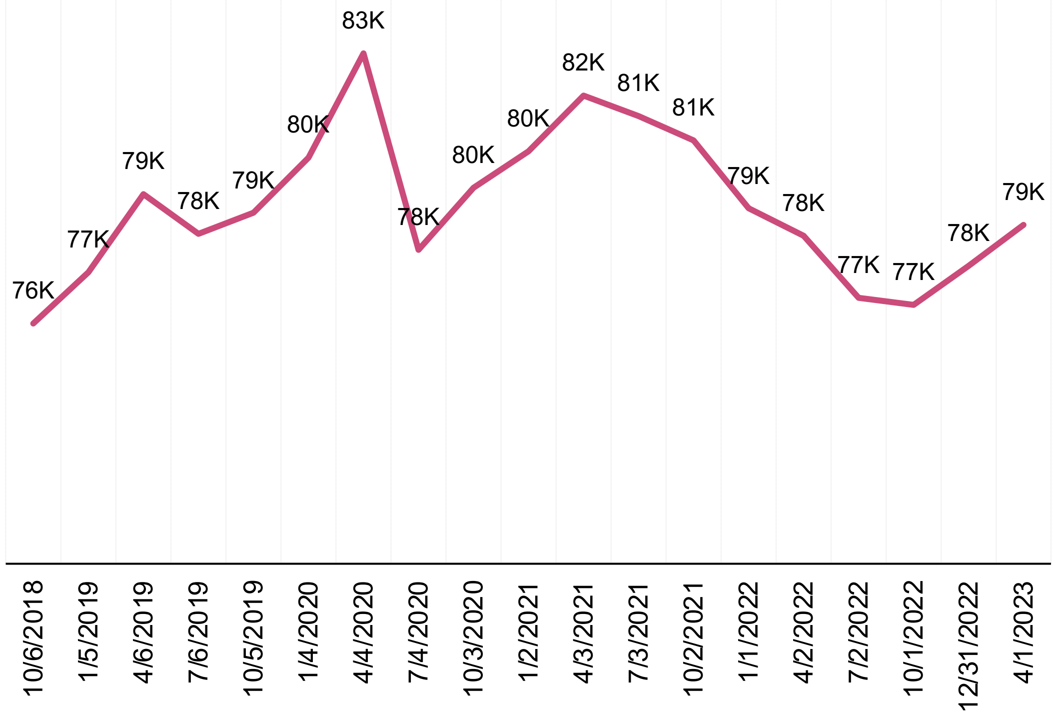
(% CYA, $ | Units)

-1.4% Organic household penetration[1]

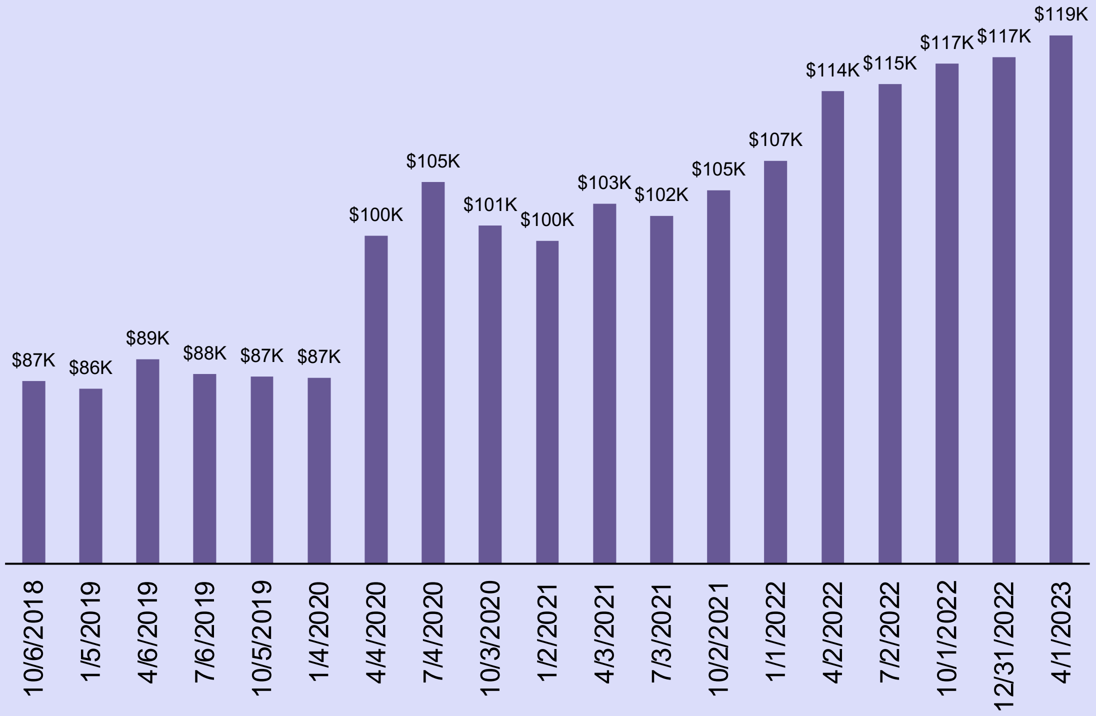
Source: NielsenIQ Retail Measurement Services, Total Store; PI Organic Positioning; Total US; 52 weeks W/E 08/12/23 vs YA
1 - NielsenIQ Homescan Panel; Total U.S., All Outlets; Total Panel; Product: PI Organic Positioning Stated; 52 weeks W/E 05/06/23 vs YA

Shelf placements fell with demand and are now rising

Organic TDPs



Organic $/TDPs



Source: NielsenIQ Retail Measurement Services, Total Store; PI Organic Positioning; Total US; Quarterly trend through Q1 2023

A deeper look at the categories driving the growth

Food and Beverage where organic is most penetrated….but growth and consumer interest across the store

Top 10 Organic Categories
(Fair Share Index)

1	Baby Feeding
2	Packaged Tea
3	Cooking Wine & Vinegar
4	Diet and Nutrition
5	Pancake, Waffle, French Toast Toppings
6	Extracts, Herbs, Spices & Seasonings
7	Milk Products
8	Vegetables
9	Eggs
10	Beans

Top 10 ***Fastest Growing*** Organic Categories*

1	Feminine Care
2	Bagels
3	Alcoholic Beverage Mixers
4	Vitamins and Supplements
5	Creams & Non-Dairy Creamer
6	Baby Feeding
7	Extracts, Herbs, Spices & Seasonings
8	Baby Bath
9	Pancake, Waffle, French Toast Toppings
10	Eggs

** Categories chosen had strongest growth with Fair Share > 100*

Top Searched Categories for *"Organic"* [1]

Vegetables
Fresh and Frozen Fruit
Milk
Herbs and Spices
Eggs
Poultry
Nuts and Seeds
Tea
Health & Recovery Drinks & Powders
Grains & Seeds
Baby Food
Cookies
Functional Beverages
Bath Preparations/Body Wash
Lip Preparations

Bold indicates growing vs previous year

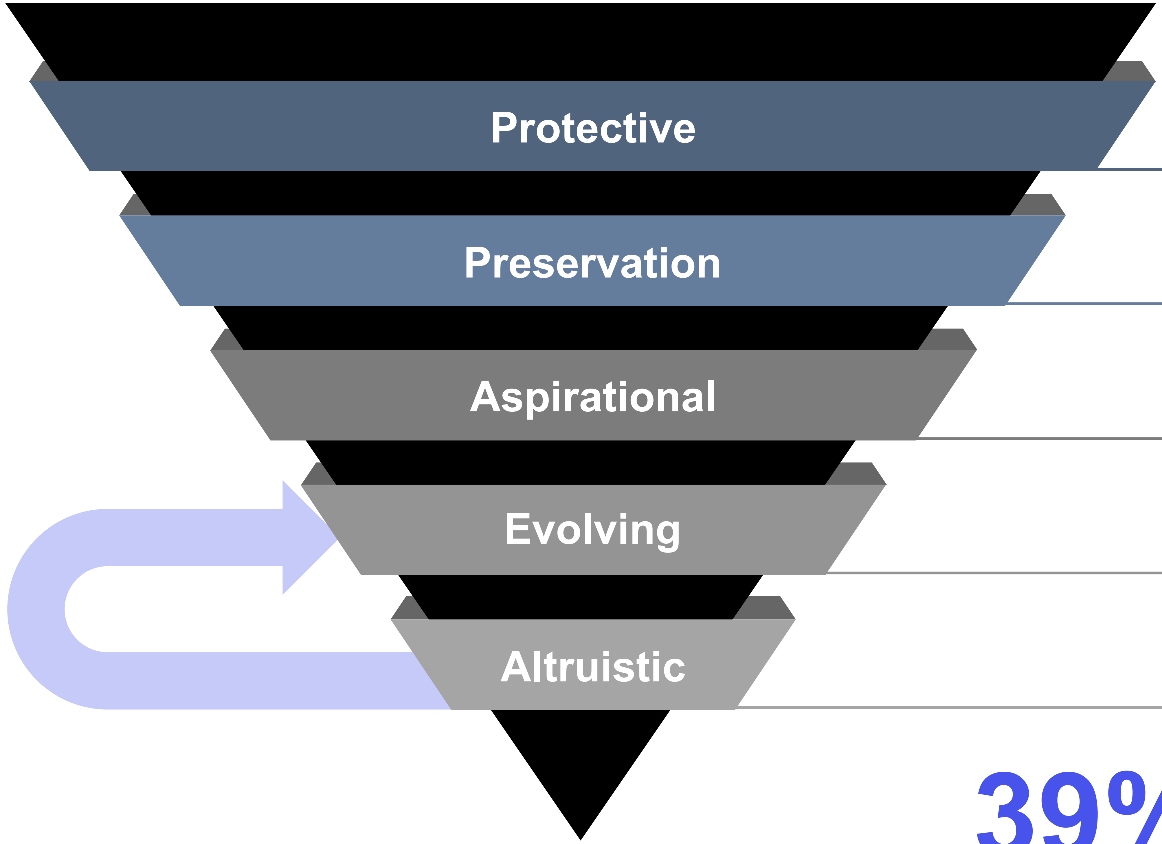
Source: NielsenIQ Retail Measurement Services, NielsenIQ Product Insight, powered by Label Insight, Total Store; PI Organic Positioning Stated; Total US; 52 weeks W/E 05/22/23 vs 4YA
1 – Label Insights Trending Attributes; "Organic" search volume; All Channels; 12 months May 2023 – April 2023

Consumers prioritizing various claims when choosing food products

	Avoiding negatives – 67%	Minimal Processing – 48%	Positive Nutrition – 31%	Ethical Practices – 27%
18% and above	▪ Low sugar ▪ No added sugar ▪ No/low sodium ▪ No added hormones ▪ Low carb	▪ No artificial ingredients ▪ Natural ▪ No preservatives	▪ Whole grain ▪ High fiber ▪ Protein content	
Above 10%	▪ Raised without antibiotics ▪ Low calorie ▪ No/low fat ▪ Carb content ▪ Gluten free	▪ Not bioengineered/Non-GMO ▪ **Certified organic** ▪ No high fructose corn syrup	▪ Vitamin-enriched	▪ Grass-fed ▪ Free-range ▪ Cage-free ▪ Plant-based
Above 5%	▪ Lactose free ▪ No allergens		▪ Antioxidant-rich ▪ Calcium-fortified	▪ Certified humane ▪ Fair trade

FMI/NIQ The Power of Plant-Based Foods and Beverages, 2022, highlighting indicates the sales growth of the attributes in the last 52 weeks is greater than the growth of total store sales

NIQ Total Wellness Consumer Needs



Urgent care
Protecting myself and/or my family members from immediate health threats.

Self care
Improving my and/or my family's **current** physical or emotional wellbeing and connections.

Preventative care
Proactive actions to achieve & maintain specific health goals, or helping to avoid ailments in the **long-term.**

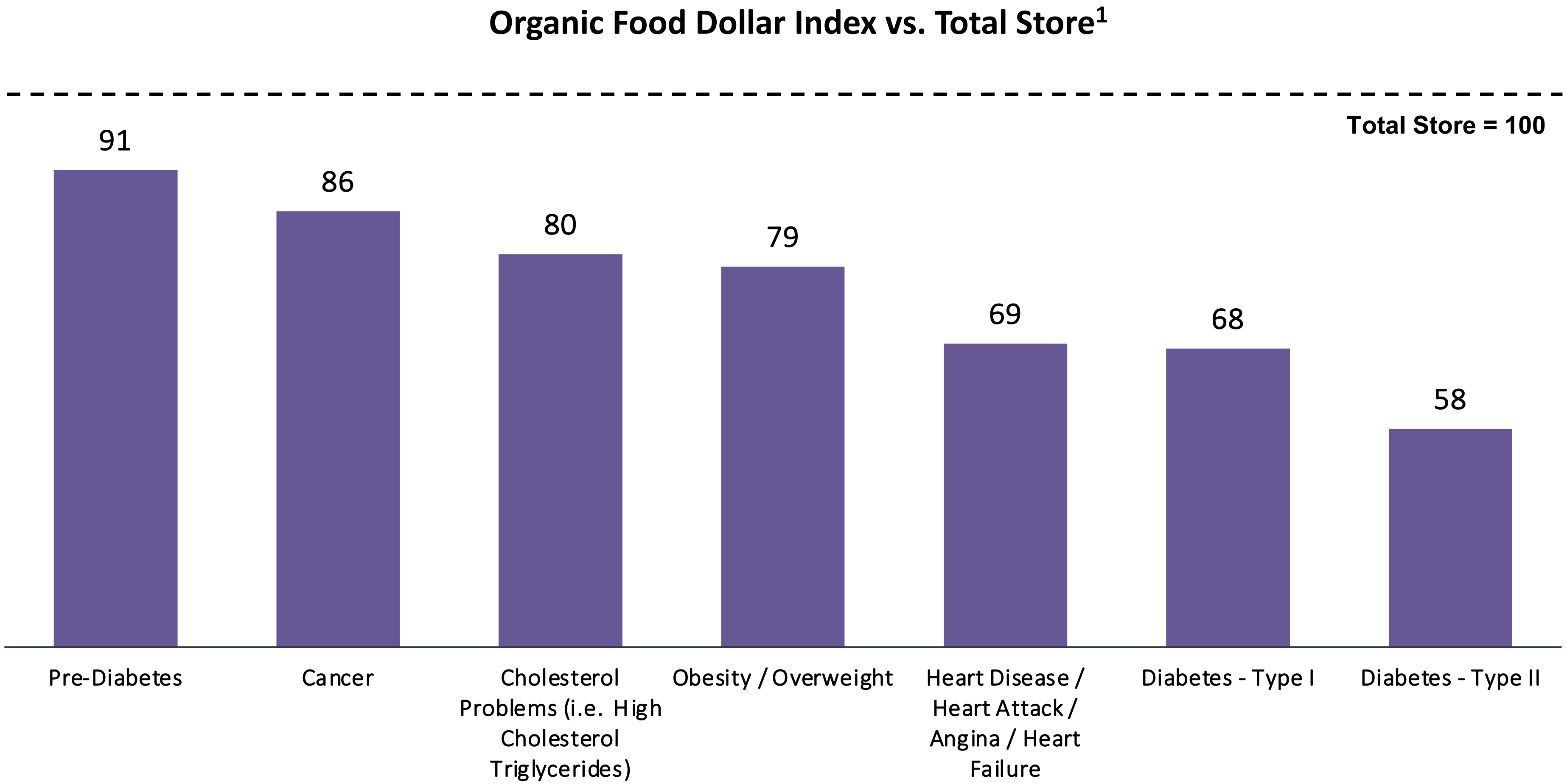
Innovative care
Seeking out the latest alternatives or developments to continuously meet my and/or my family's health & wellness goals.

Selfless care
Improving the world around me by advocating for environmental, ethical, humanitarian, and/or philanthropic causes.

39%
of consumers who are ***proactive*** with their health are also heavy organic shoppers

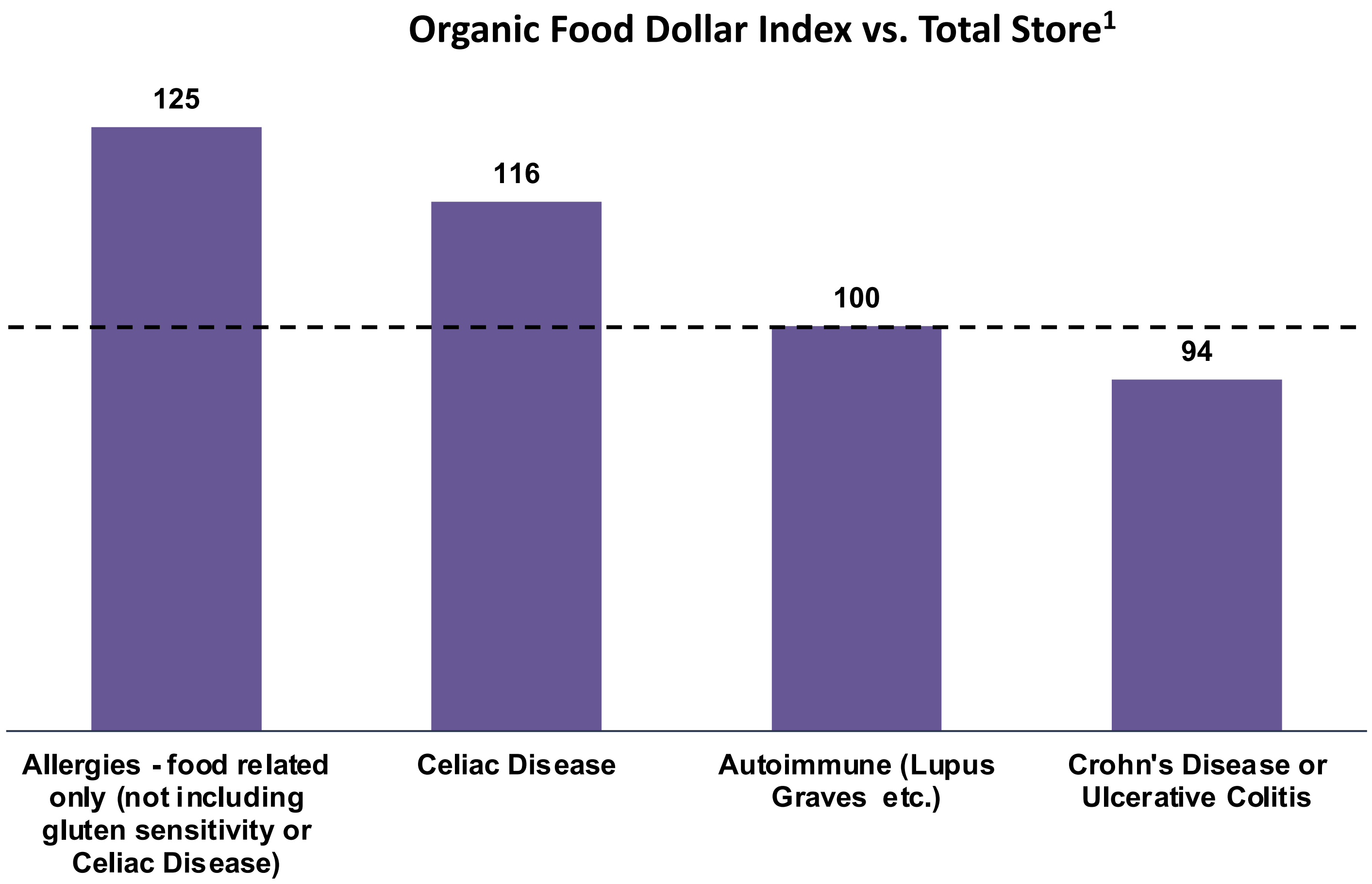
52%
of ***heavy environmental*** shoppers are also heavy organic shoppers

People with Life Threatening Ailments Eat Less Organic



1 – NielsenIQ Homescan Panel; Total Panel, All Outlets, PI Organic Positioning Stated; 52 weeks W/E 05/06/23
Health Shopper Ailment Survey: Please select the condition(s) that anyone in your household, including yourself, has experienced during the past 6 months.

Do ailments that require label scrutiny result in more organic purchases?



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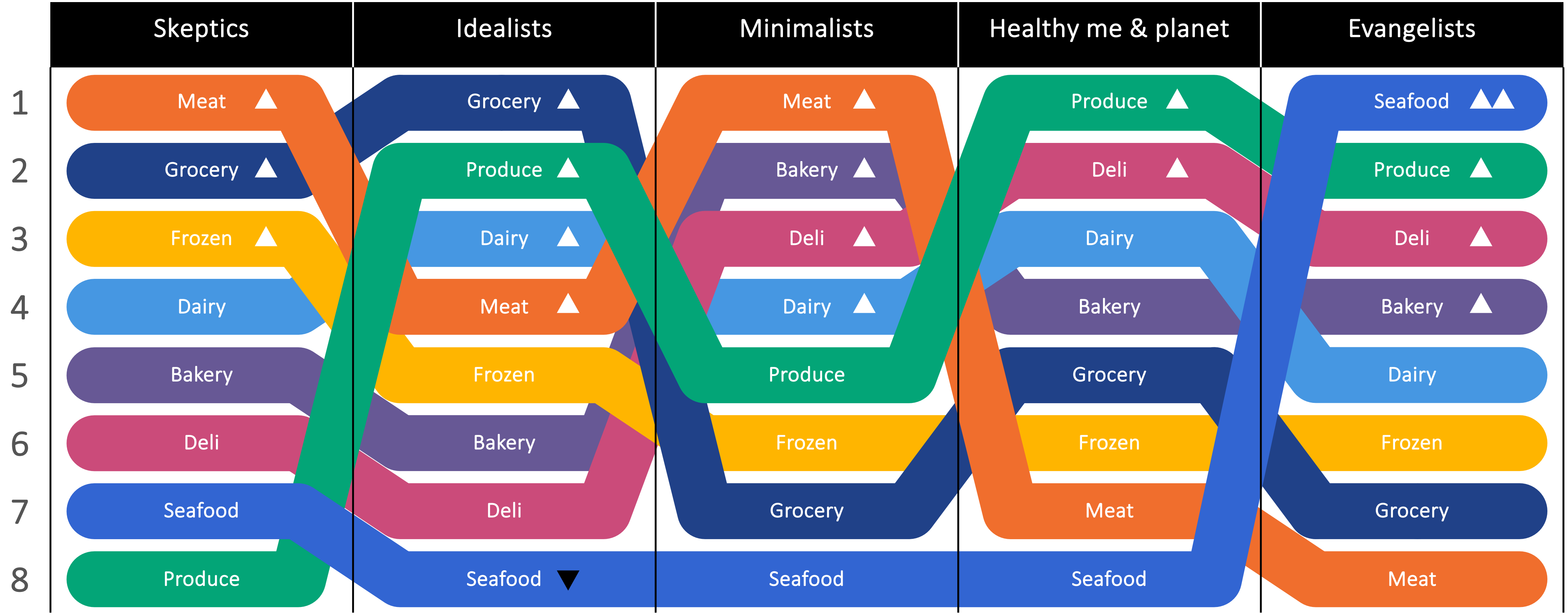
NIQ

Consumer engagement with sustainability varies

	Over-index in Dollar Channel		Under-index		Under-index
					
	34% **Skeptics**	**14%** **Idealists**	**22%** **Minimalists**	**11%** **Healthy ‘me’ & ‘planet’**	**19%** **Evangelists**
	Low awareness and priority	*Passionate but struggle to put into practice*	*Basic awareness of sustainability but no strong motivation*	*Embrace importance with a focus on health and take some action*	*“Walk the talk”*
Say How important is sustainability?	●○○○○○○○○○	●●●●●●●●○○	●●●○○○○○○○	●●●●●●●○○○	●●●●●●●●○○
Do What actions do they take?	●●●○○○○○○○	●●●●○○○○○○	●●●●●●○○○○	●●●●●●○○○○	●●●●●●●●●●
Meaning What sustainability means to them	*Low association to any aspect*	*Better conditions for farmers* *Giving back to society* *Support of minorities*	*Reduced pollution*	*Almost all aspects from planet to people*	*All aspects from planet to people*

Green Divide segments prioritize differently across the store

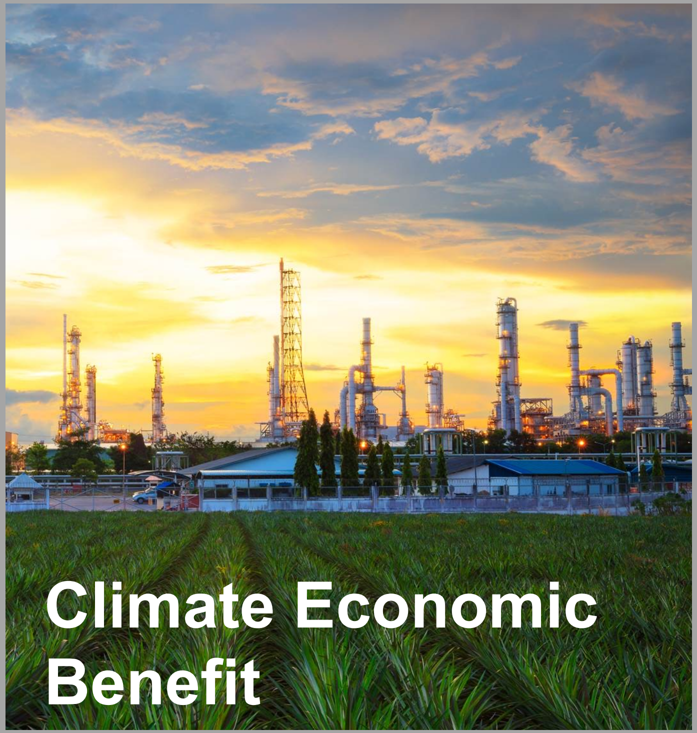


△ = Indicates where segments index higher than expected

▼ = Indicates where segments index lower than expected

Index = Segments' share of total sales compared to Total Panel

Source: NielsenIQ Homescan Panel; Total U.S., All Outlets; NIQ Green Divide segmentations; 52 weeks W/E 06/03/23



- Carbon sequestration with soil health improvement
- Reduced fertilizer ***reduces nitrous oxide***
- Organic animal agriculture ***reduces methane*** from conventional feed

- Organic yields are ***more resilient*** during climate stresses
- Pollinators are protected from Neonicotinoids
- ***Soil health retains water*** – less water need reduces costs

- Synthetic pesticides ***threaten health of farmers*** even more than diners
- Fertilizers ***contaminate drinking water***
- Antibiotic resistance is helped because organic doesn't require it
- Nutrient density

Discussion Moderated by Gwendolyn Wyard

Gwendolyn Wyard
Founding Partner & Manager, Strengthening Organic Systems (SOS)

Ashley Matheson-Scholl
President, Protein Research

Tess Barr
Co-founder Bright Pharma Caps

Joe Rouleau
Head of Sustainability, Ciranda

Maxine Weber
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INSIDE ORGANIC

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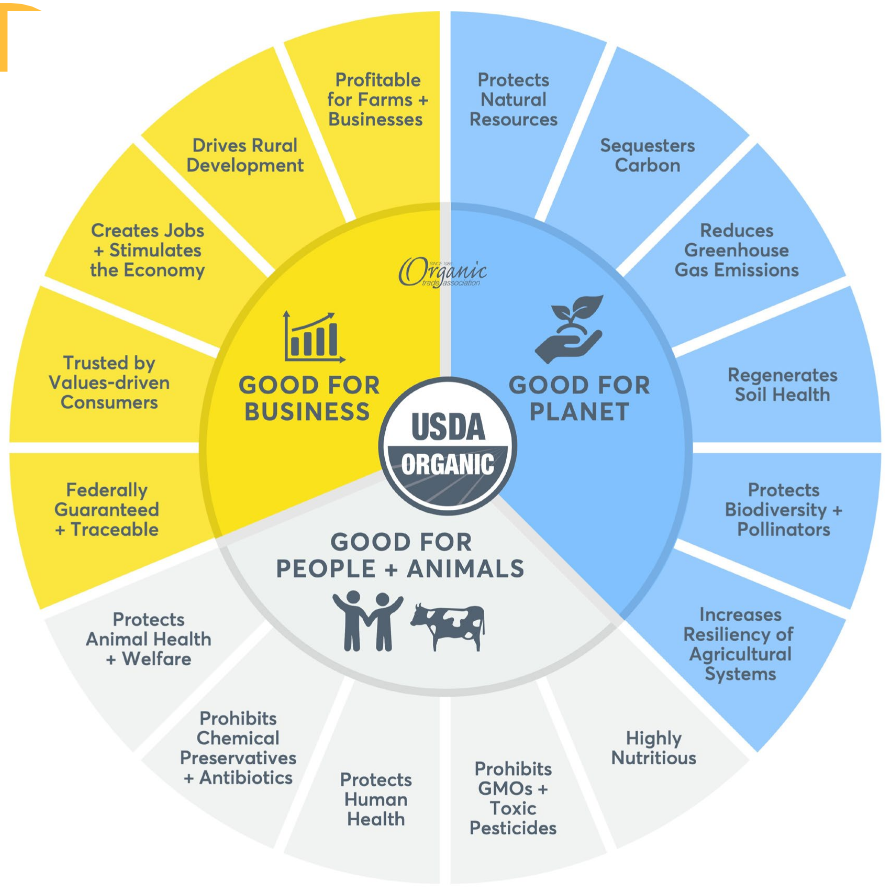

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Thank you!

For more information about Inside Organic contact:

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