

June 7, 2018



HELP YOUR BUSINESS STAND OUT IN THE CROWDED NATURAL FOODS INDUSTRY

NSF International & QAI



NSF AND QAI ARE WORLD LEADERS IN CERTIFICATION



- One of the largest and most respected certifiers in the world
- Certifying integrity to national and international standards
- Sharing our knowledge through education and training
- Innovating solutions for growing the values based market
- Protecting our environment and communities

WHAT LABEL CLAIMS DO FOR YOU



> Increase Product Sales



> Quickly communicate brand values



> Provide proof of process (Non-GMO, Antibiotic-free)



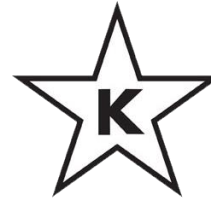
> Quality Assurance



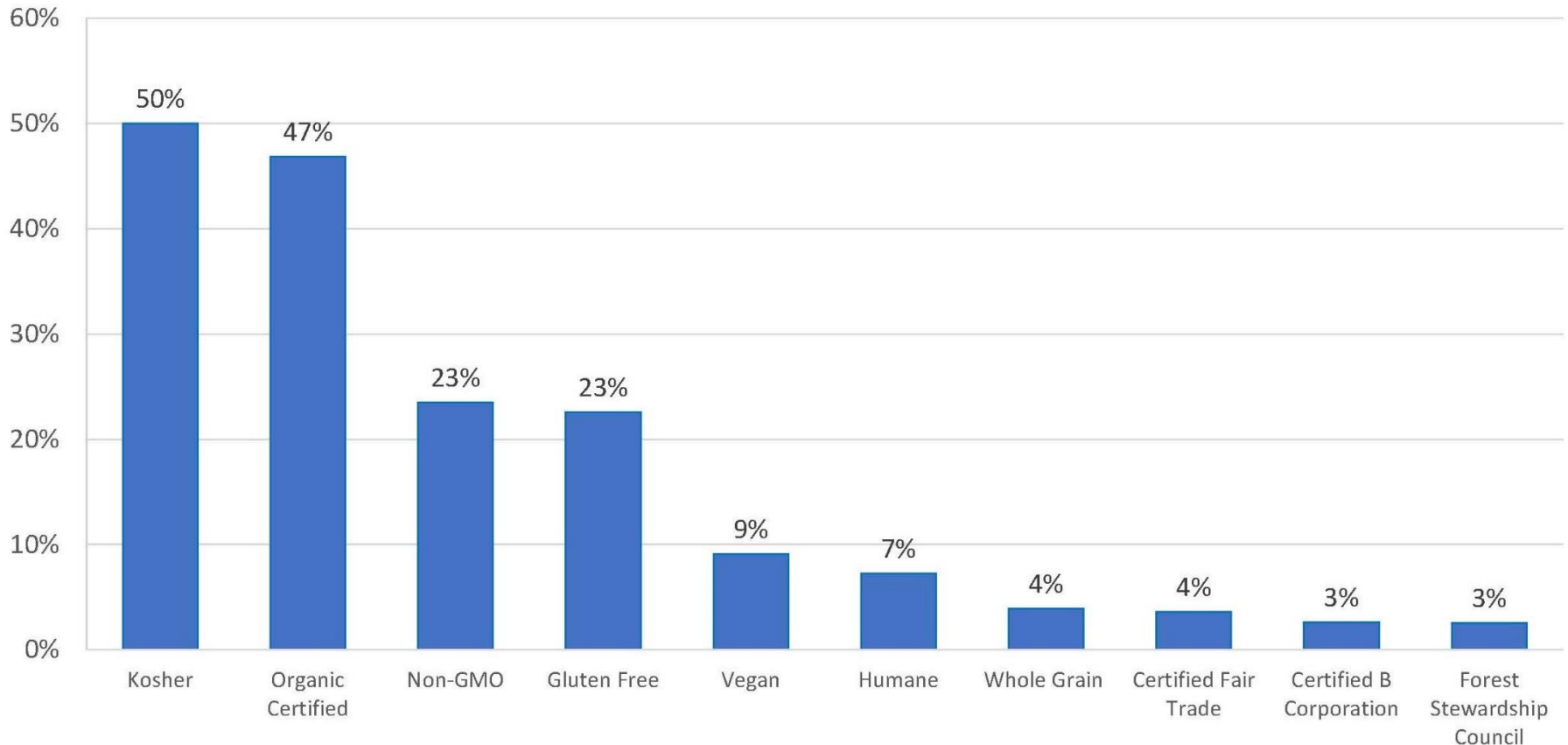
> Retailer Compliance

LABEL CLAIMS

- ✓ Dietary Values
- ✓ Religious Values
- ✓ Lifestyle Values
- ✓ Sourcing Values
- ✓ Chemicals of Concern



TOP 10 RETAIL PRODUCT CERTIFICATIONS*



Source: New Hope Network's NEXT Trend Database

*Distribution of product certifications across all products; Natural Products Expos 2013 - 2017

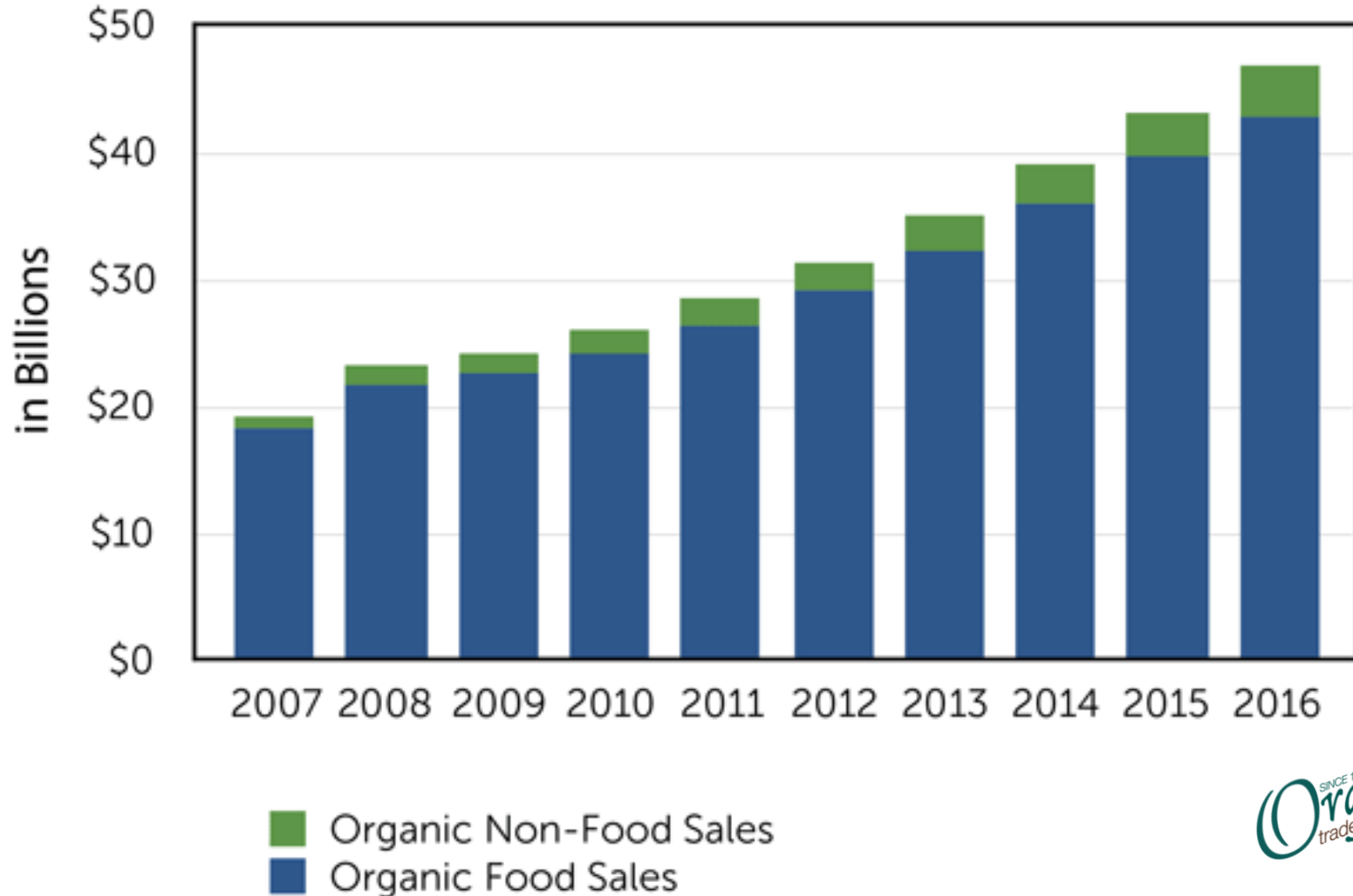


New Hope.
NETWORK™

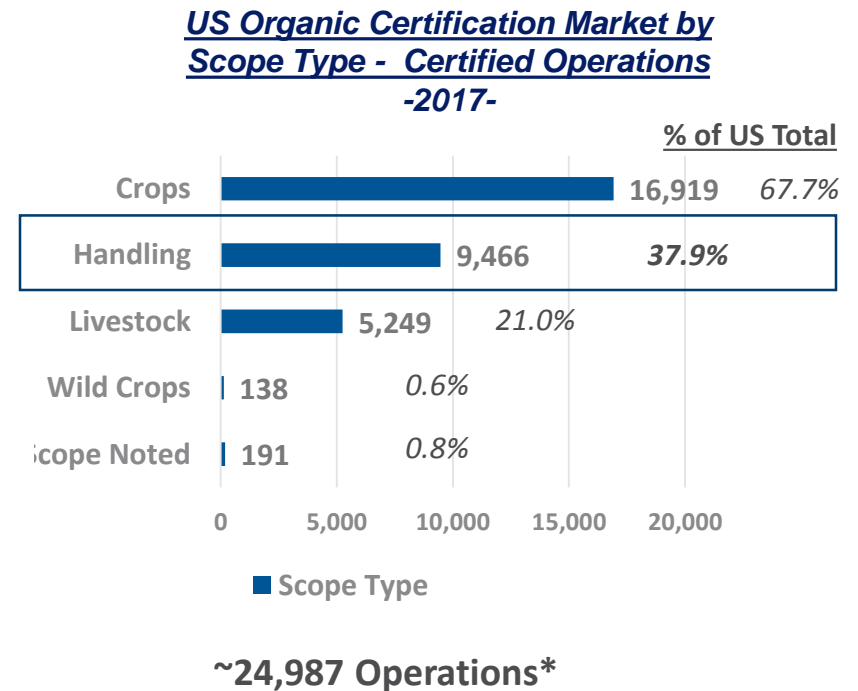
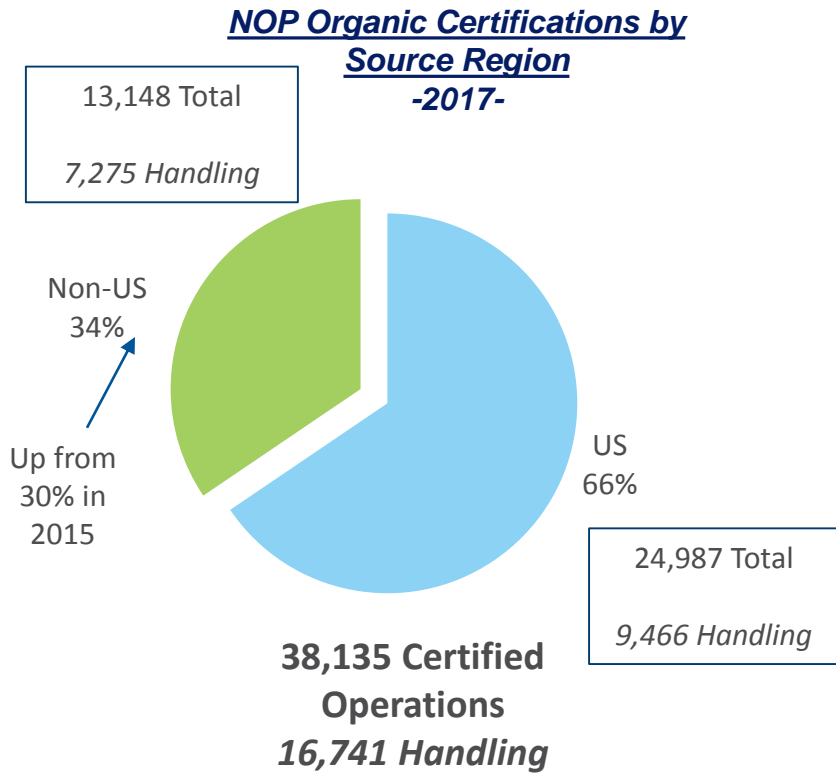


GROWTH OF ORGANIC INDUSTRY

Total U.S. Organic Sales and Growth, 2007–2016



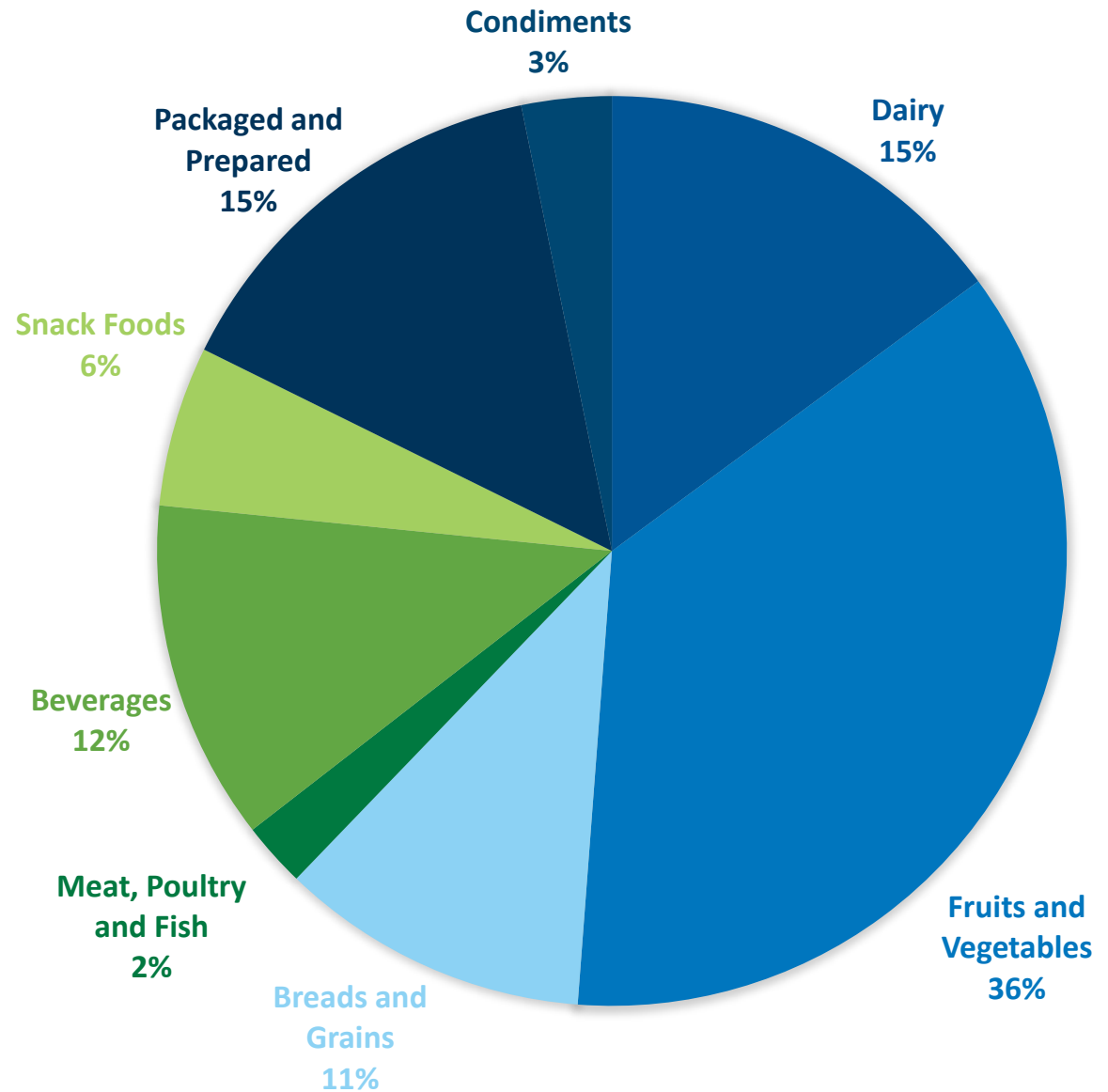
38,135 CERTIFIED USDA NOP GLOBAL OPERATIONS 9,466 ARE US HANDLING OPERATIONS



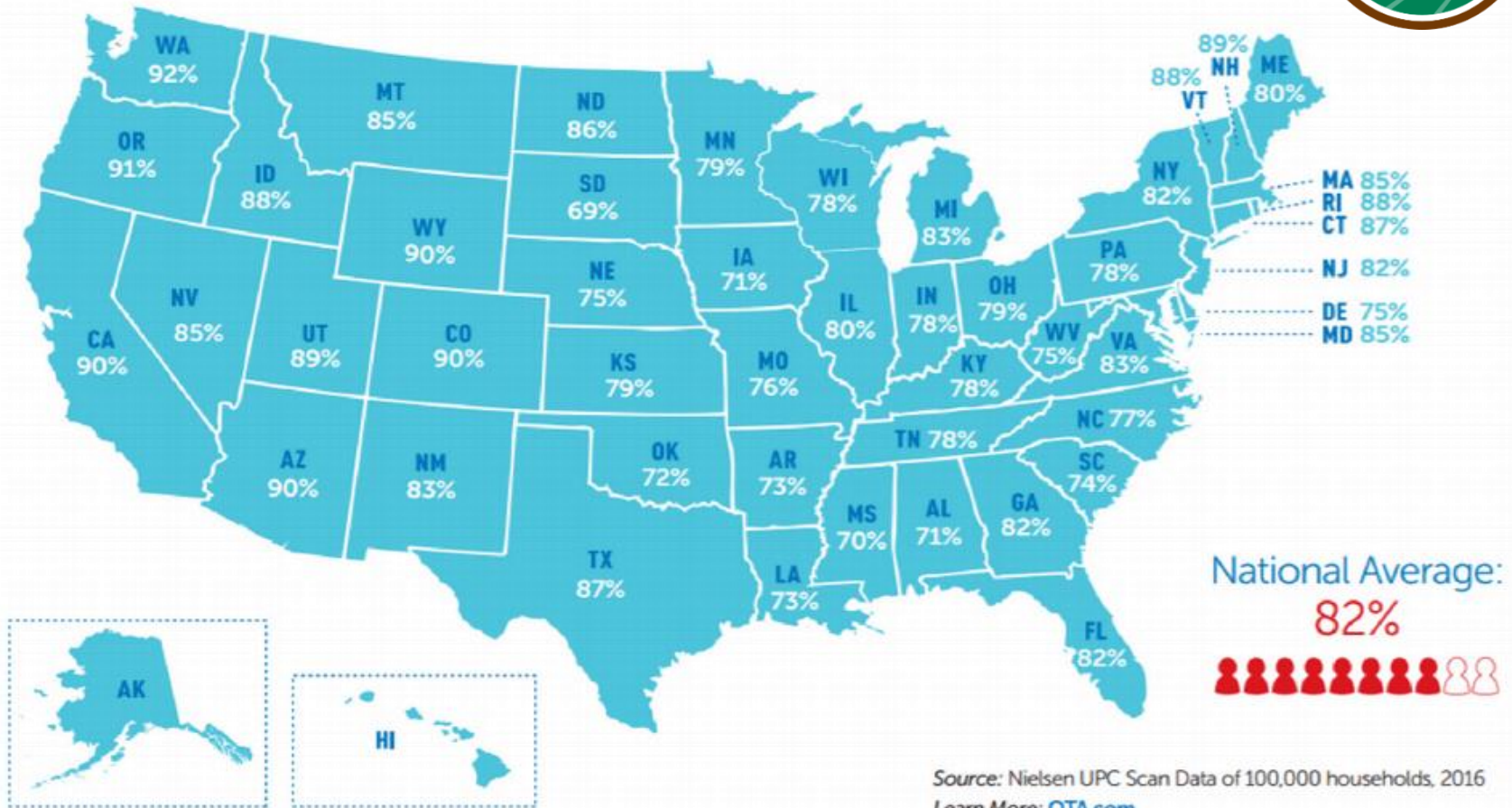
Source: USDA NOP Integrity Database as of July 15th, 2017

*Operations can have multiple scopes (crops + handling, etc..)

ORGANIC FOOD SALES, 2016



PERCENTAGE OF US HOUSEHOLDS PURCHASING ORGANIC PRODUCTS



Data not available for AK + HI

Source: Nielsen UPC Scan Data of 100,000 households, 2016
Learn More: OTA.com



The growth of the organic industry is a response to increasing consumer demand for food that is:

- *Healthier for them and their families*
- *More sustainable and better for the environment*
- *More humane treatment of animals*
- *Better for the economy*



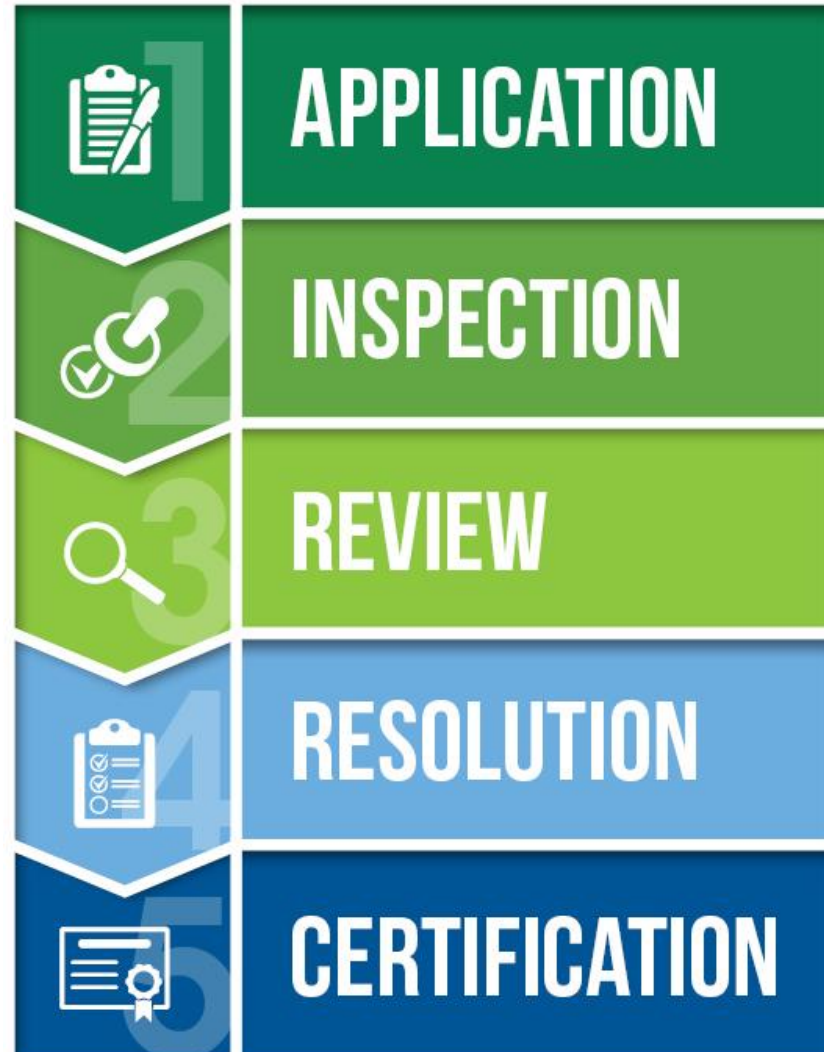
INDUSTRY LEADERS ARE ACQUIRING ORGANIC BRANDS



NSF CLIENTS



Organic Certification Process



MAJOR COMPONENTS OF ORGANIC CERTIFICATION

PRODUCT COMPOSITION

- 100%, 95%, 70%
- Impacts what label claims that can be made

LABEL CLAIMS

- Labeling determined by product composition
- Impacts display of USDA Organic seal, PDP and ingredients list

CRITICAL CONTROL POINTS

- Storage and handling procedures, packaging materials, water, cleaning products (sanitizers) and pest control
- Must prevent contact with prohibited materials or co-mingling with convention products

AUDIT TRAIL/RECORD KEEPING

- Fully disclose all activities and details
- Batch records, shipping/receiving docs, records to demonstrate mass-balance

REQUIRED FOR ALL ORGANIC PRODUCTS

- > Certification of process AND product (ingredients, sanitizers, processing aides)
- > Review of product formulations, supplier declarations/certifications, audit trail
- > Identity preservation - Segregation to prevent contamination & commingling
- > National List of allowed non-organic materials – crops, livestock and processing
- > Prohibits, GMOs, Irradiation and Sewage Sludge
- > Annual inspection
- > Three levels of product certification:
 - 100% Organic
 - Organic (>95%)
 - Made with Organic (>70%)



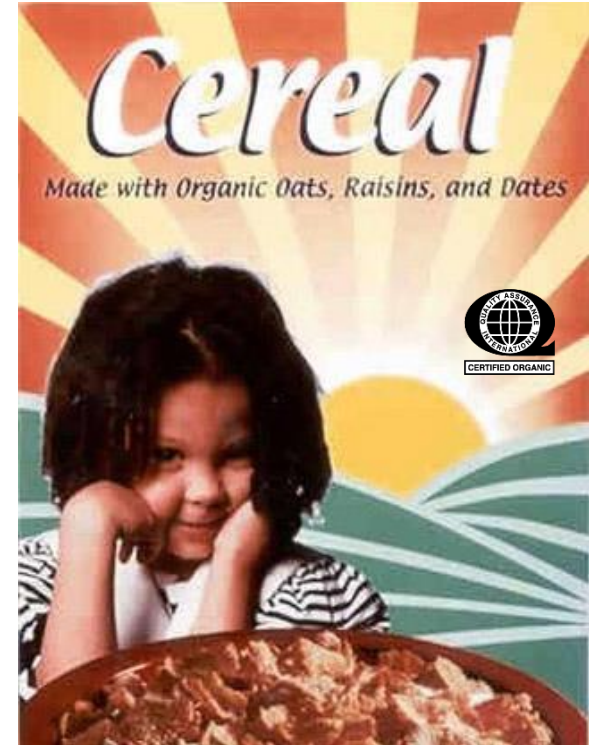
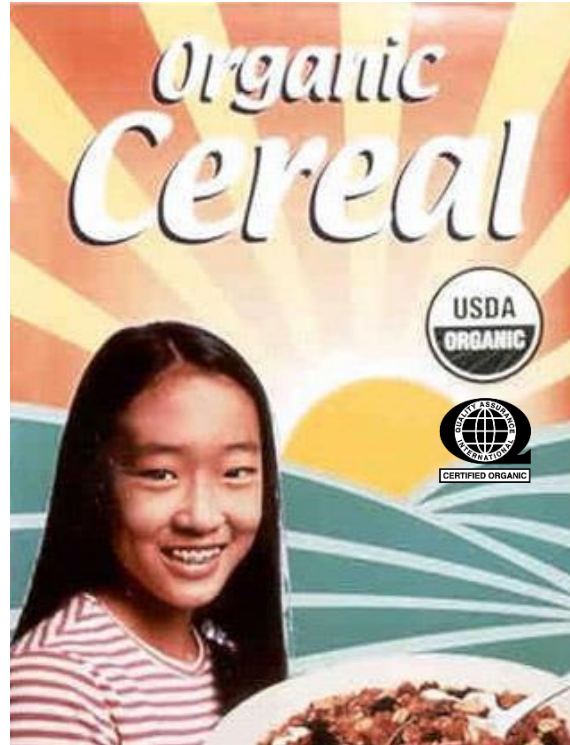
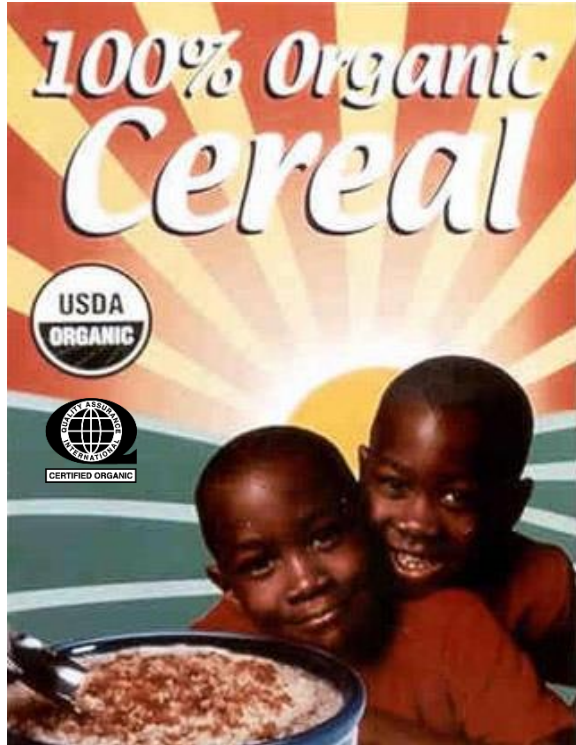
PRODUCE

- > Maintain or improve soil and water quality, biodiversity
- > Harvest withholding period after manure application

PROTEINS AND DAIRY

- > Managed as organic from last 1/3 of gestation, poultry from 2nd day of life
- > 100% organic feed required
- > Access to pasture requirement, 30% DMI for ruminants
- > No antibiotics, hormones

Certified Organic Label Claims



CERTIFICATION

SOME COMMON REQUIREMENTS



COMMON

- > Identity preservation
 - Segregation to prevent contamination & commingling
- > Review of product formulation
- > Ingredient declarations/certifications
- > Audit trail & recordkeeping
- > Onsite Inspection

UNIQUE FOR ORGANIC

- > Certification of process AND product
- > Three levels of product certification:
 - 100% Organic
 - Organic (>95%)
 - Made with Organic (>70%)
- > National List of allowed non-organic materials
- > Prohibits, GMOs, Irradiation and Sewage Sludge
- > Maintain or improve soil and water quality, biodiversity

NON-GMO

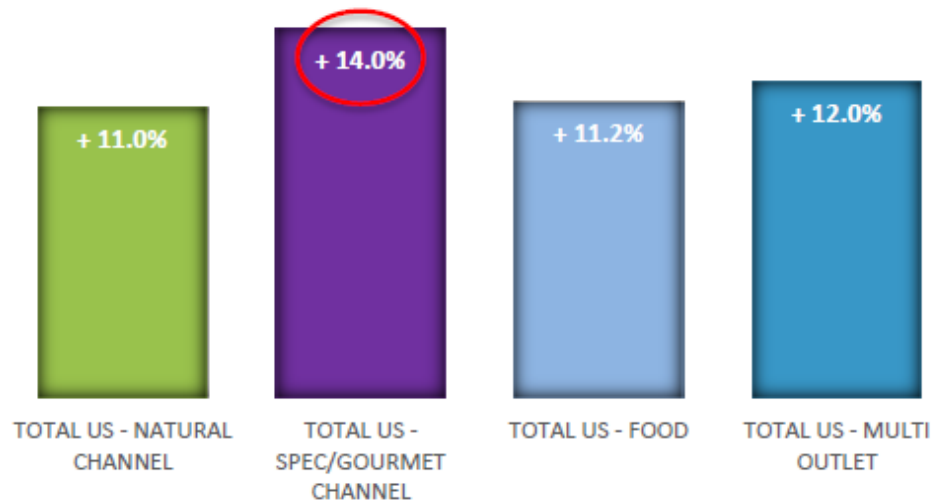
Top 5 reasons that consumers who avoid GMOs say they do so:



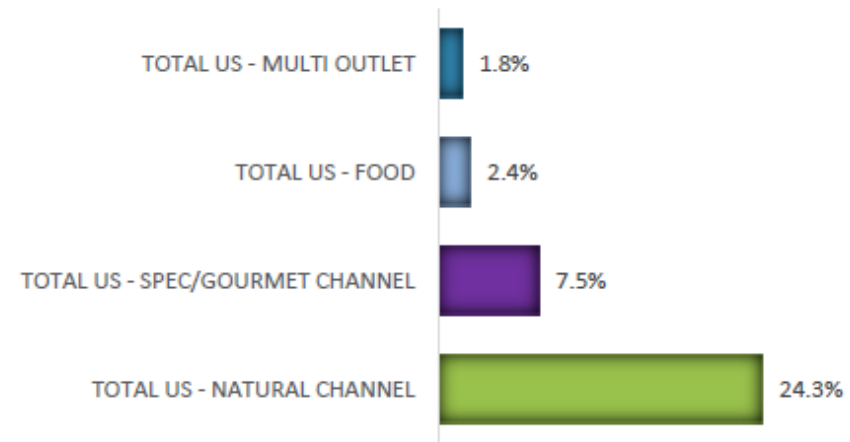
Source: Food Retail Implications for U.S. Grocery Shopper Trends 2017 – FMI & Hartman Group

NON-GMO

52 week Non GMO Project Verified Dollar Growth



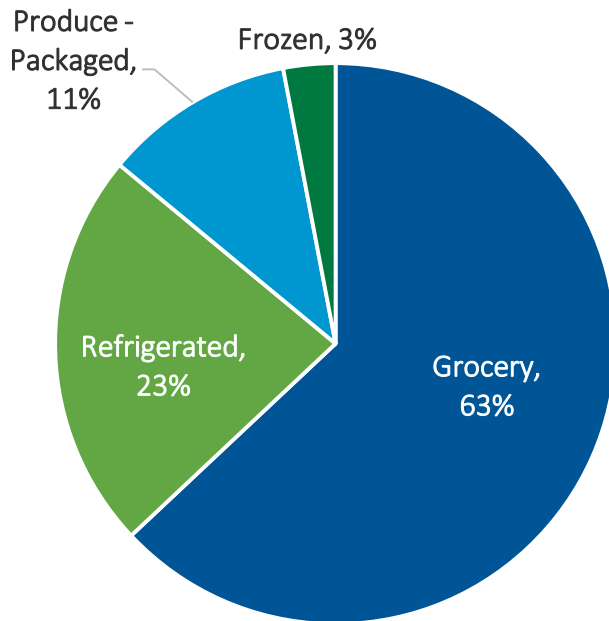
52 Week Non GMO Dollar Share



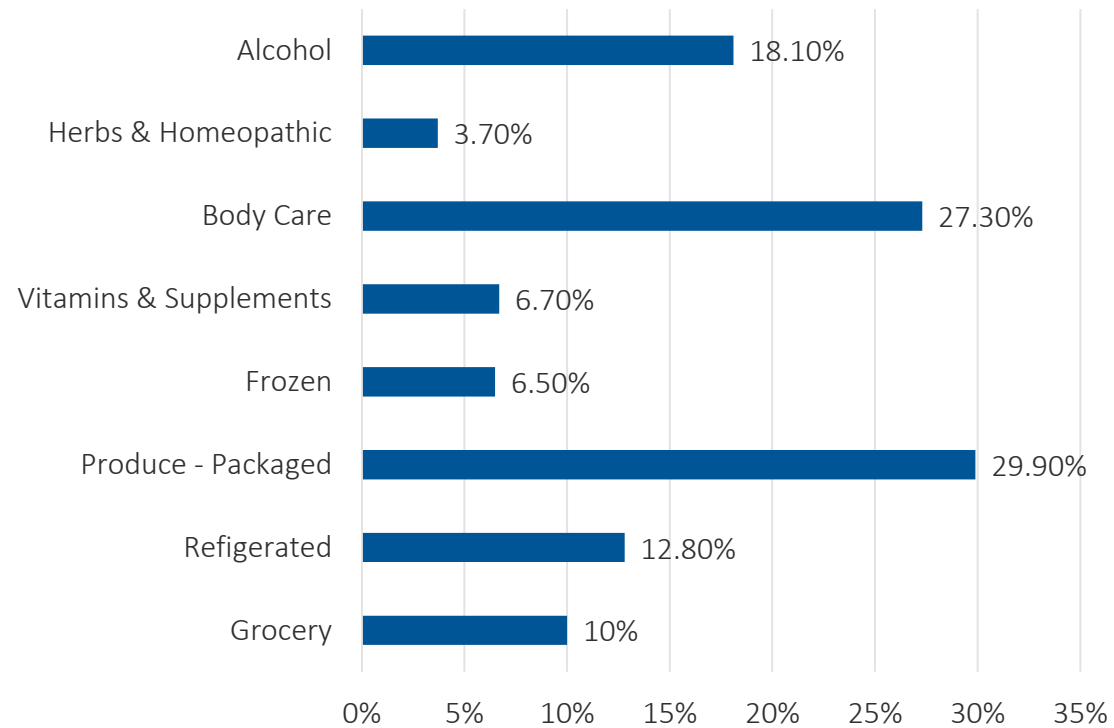
Source: SPINScan Q3 2015 data

NON-GMO

Non-GMO Project Verified Dollar Sales by Department



Non-GMO Project Verified Dollar Sales v. YAG



Source: SPINScan Q3 2015 data

NON-GMO PROJECT



- > 3,000 brands
- > 43,000 products
- > \$19.2 billion in annual sales
- > NSF is an approved Technical Administrator

Source: nongmoproject.org

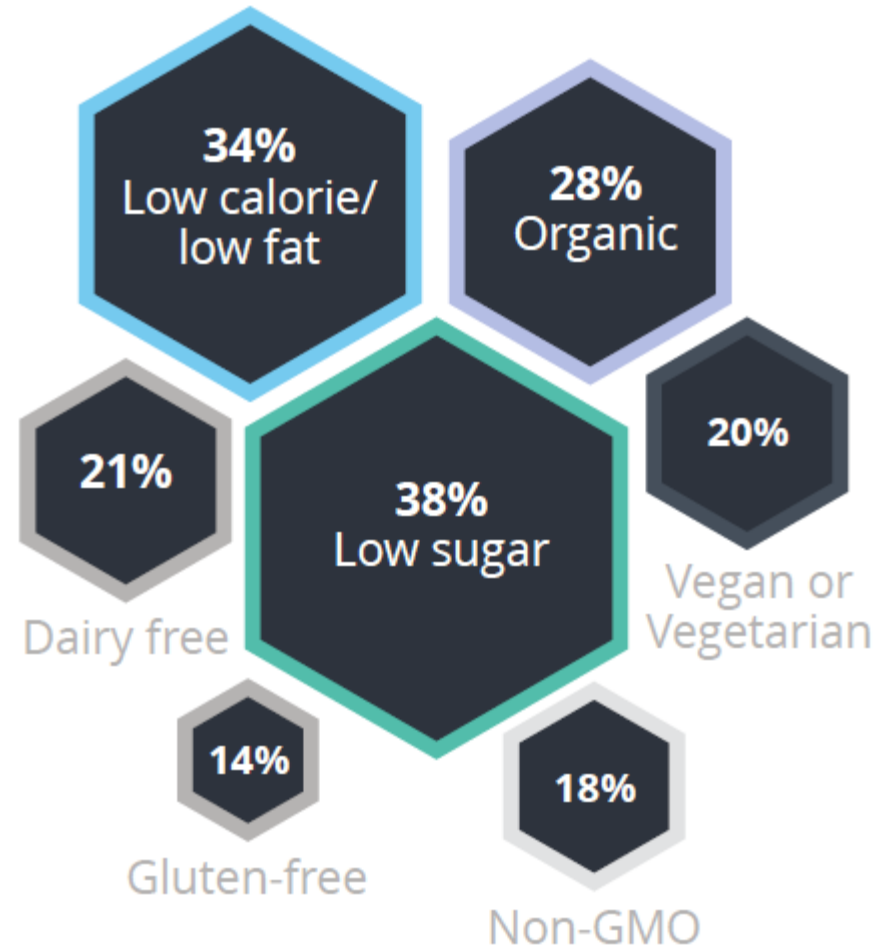
NSF TRUE NORTH NON-GMO



- > Whole Foods Market approved per its GMO Labeling Policy
- > Global program and use of logo
- > Dietary Supplement specific “Annex”
- > Cosmetic and Household Product specific “Annex”

GLUTEN-FREE

According to the survey, consumers shop according to the following diets for themselves or someone in their household.



GLUTEN-FREE MARKET SIZE

The U.S. Gluten-Free market is **\$11.6 billion** and expected to grow 11% each year



Consumer trust in manufacturer gluten-free claims has slightly waned.

They want to see independent certifications.



HONEY ADULTERATION

About 271,000 results (0.47 seconds)

Honey is susceptible to **adulteration** with cheaper sweeteners; those that have been detected in **adulterated** honeys include sugar syrups and molasses inverted by acids or enzymes from corn, sugar cane, sugar beet and syrups of natural origin such as maple.



[Advances in Honey Adulteration Detection - Food Safety Magazine](https://www.foodsafetymagazine.com/.../advances-in-honey-adulteration-detection/)
<https://www.foodsafetymagazine.com/.../advances-in-honey-adulteration-detection/>



About this result



Feedback

TRUE SOURCE HONEY



- > 78 certified global exporters
- > 14 certified N. America packers
- > Country of Origin program
- > Sampling & Testing required
- > Logo use in USA and Canada



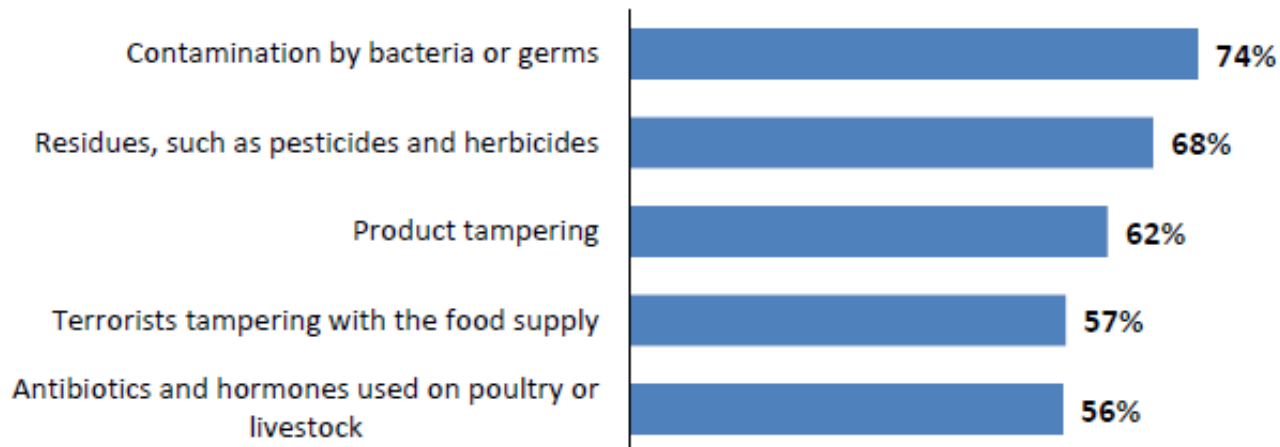
Made With True Source Honey

- > For CPG companies sourcing TS certified honey

ANTIBIOTICS

Shoppers are concerned with risks associated with food mishandling or malice

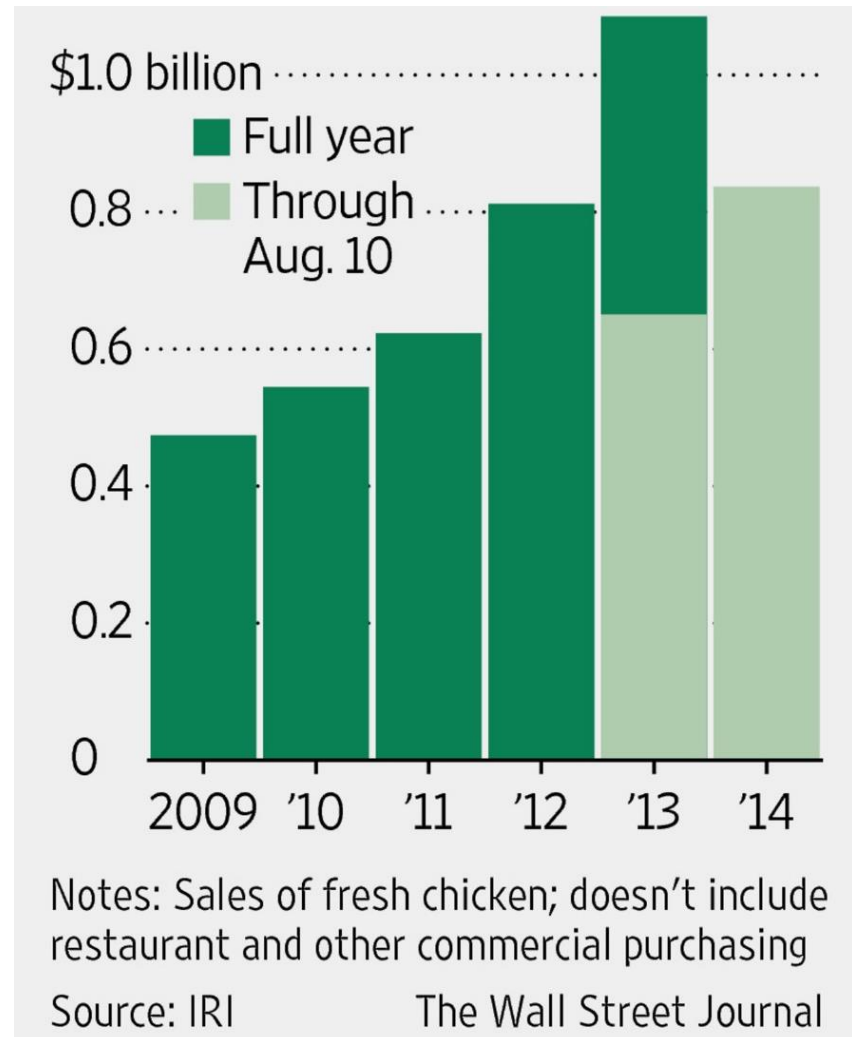
Food conditions shoppers believe pose some/serious health risk



Source: U.S. Grocery Shopper Trends 2017 by FMI and Hartman Group

RAISED WITHOUT ANTIBIOTICS

Consumer spending on chicken raised without antibiotics.



NSF RAISED WITHOUT ANTIBIOTICS



- > Global opportunity
- > v2 of the protocol expected in 2018



HOW DO YOU CHOOSE A CERTIFIER?



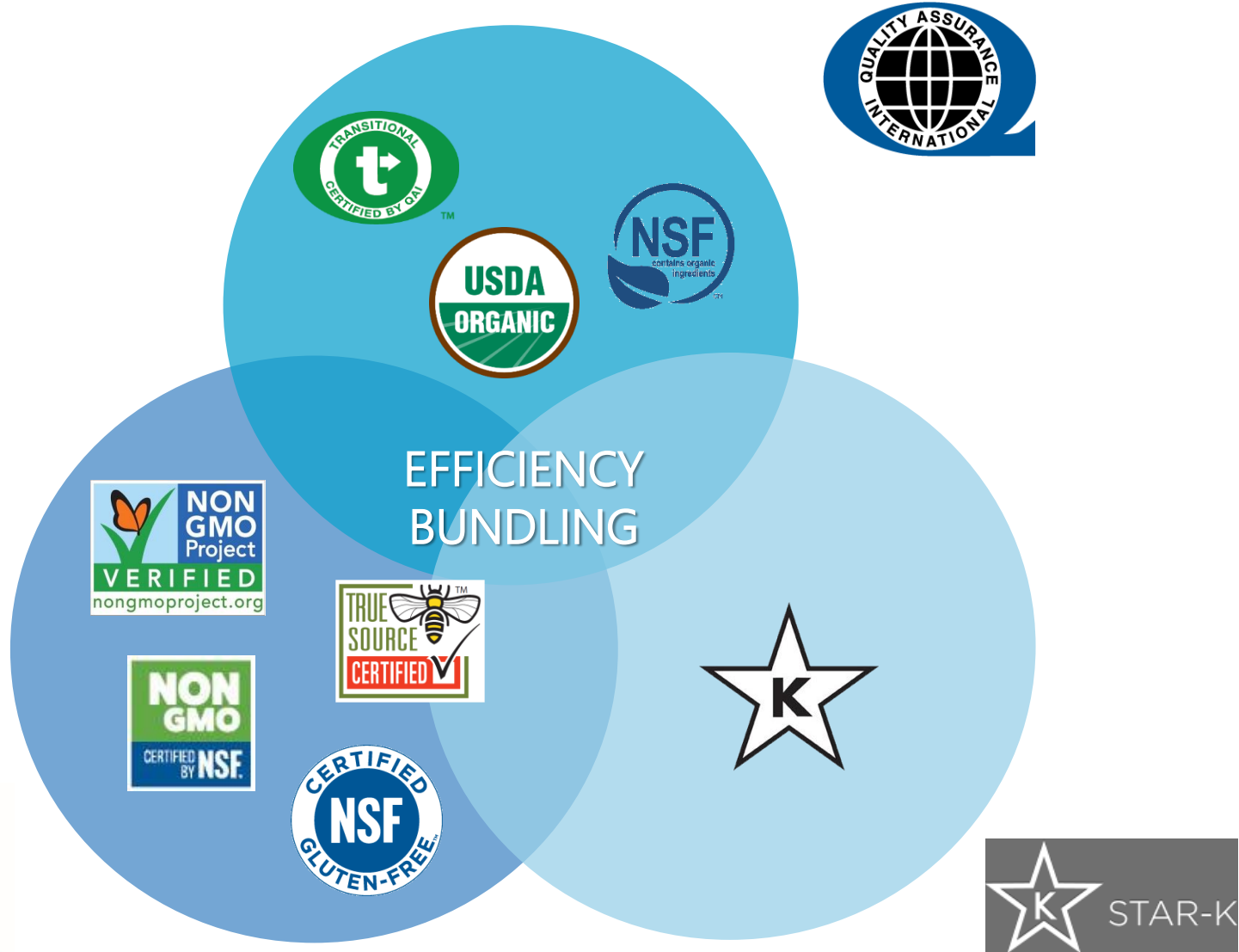
CERTIFICATION MADE EASY – BRAND PERSPECTIVE

- ✓ Experience in certifications
- ✓ Trusted relationship
- ✓ Qualified staff
- ✓ Industry involvement

What 3rd Party Certification should you use?

Organic or Non-GMO? Or both?

EFFICIENCY BUNDLING



WHEN YOU'RE READY FOR THE NEXT LEVEL
AND HELP YOUR BRAND STAND OUT:



ORGANIC CERTIFICATION

Email: gai@gai-inc.com

Web: www.gai-inc.com



LABEL CLAIMS

Email: consumervalues@nsf.org

Web: www.valuesverified.org

