

Advancing Business Models for Agricultural Stewardship of Monterey Bay Watersheds

Convening an Agricultural Industry Roundtable on Sustainability

**Final Report
May 2014**

Prepared by
Melanie Beretti, M.A. and Andrew Arnold, M.Sc.



This report was prepared for the Water Resource Project Coordination subcommittee with funding from the Integrated Regional Watershed Management Program grant subcontract through the Monterey Bay Sanctuary Foundation.

Special thanks to the Monterey County Sustainability Working Group, Water Resource Project Coordination subcommittee, Central Coast Grower-Shipper Association and Western Growers for providing insight and support for this project!

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Executive Summary

Working in consultation with the Water Resources Project Coordination subcommittee and members of the Monterey County Sustainability Working Group, Western Growers, and the Central Coast Grower-Shipper Association, SureHarvest convened and facilitated an agricultural industry roundtable discussion on sustainability initiatives on March 28, 2014 in Salinas, California. Twenty-two industry leaders, company executives, and CSR/sustainability directors on California's Central Coast and beyond participated in the roundtable.

In large and small group discussion, participants shared experience and knowledge about a number of locally relevant sustainability topics and initiatives. Locally relevant topics discussed included:

- Industry sustainability update and trends
- Self-assessment initiatives
- Performance-based initiatives
- Certification programs
- Other sustainability tools and initiatives
- Regional projects

Together, the group discussed and attempted to answer a number of questions including: In a future with more people to feed, fewer resources, and less predictable weather, what initiatives and tools hold the most promise to benefit people, planet, and profit? How can we collaborate to build and scale-up locally-relevant sustainability initiatives? What roadblocks stand in our way? How can we clear those hurdles to do more to enhance our local economy and environment? Can we leverage the region's uniqueness and natural diversity in the marketplace, and vice versa?

Participants identified value, challenges and opportunities for collaborative action across three broad categories: Market and regulatory compliance; Program design and core elements; and Data collection, confidentiality, and information sharing. At the highest level the group expressed interest in and support for taking an industry-led proactive approach to advance sustainability for agriculture, our community and environment.

This report summarizes the group's discussion, identifies key strategic opportunities and high value next steps:

- *Support the continued development and expansion of existing tools and initiatives*
- *Improve coordination amongst industry groups, resource agencies, and nonprofits*
- *Educate buyers and consumers on ag conservation/sustainability efforts in our region*
- *Create a roadmap for the development of a collaborative sustainability program*

Background

In January 2013, the Gabilan Watershed Water Resource Project Coordination (WRPC) effort – funded through the Integrated Regional Watershed Management Program grant – convened its second stakeholder meeting. A key next step identified during this meeting was to engage agricultural leaders, company executives, and sustainability/social responsibility directors in a collaborative, proactive discussion to identify opportunities to build and strengthen the business case for sustainability and agricultural stewardship of Monterey Bay watersheds.

Sustainability initiatives across the agrifood sector have gained prevalence over the past decade to meet changing consumer demand and address increasing resource scarcity and variability. More and more companies are formalizing their sustainability programs and dedicating significant resources toward these efforts. In order for the agricultural industry to promote the widespread adoption of sustainability actions in our region, a stronger business case is needed – one that supports a collaborative, proactive and sustainable future for agriculture, our community and environment.

SureHarvest, an agribusiness sustainability consulting and software company, was contracted to convene an industry-focused workshop to gauge broader interest and opportunities to participate in the development and/or expansion of initiatives to promote sustainable watershed stewardship. This project is a critical first step toward developing and implementing a broader strategy for advancing business models for agricultural stewardship in the Monterey Bay region.

Project Description

Working in consultation with the WRPC subcommittee and members of the Monterey County Sustainability Working Group, Western Growers, and the Central Coast Grower-Shipper Association, SureHarvest facilitated an agricultural industry roundtable discussion on sustainability initiatives on March 28, 2014 in Salinas, California (Attachment 1). The Monterey County Sustainability Working Group is an agricultural industry-led network for sharing current sustainability efforts among producers, shippers and processors in the Central Coast region. Industry leaders, company executives, and CSR/sustainability directors on California's Central Coast and beyond were invited to participate in the roundtable.

The goal for this meeting was to increase participants' collective understanding of the underlying business opportunities and challenges for key sustainability initiatives and tools, and set the stage for collaborative action. The meeting was attended by five agricultural company owners/presidents, ten agricultural company sustainability directors/coordinators, three industry service providers, two agricultural association representatives, and two resource agency representatives. Participants discussed the questions: In a future with more people to feed, fewer resources, and less predictable weather, what initiatives and tools hold the most promise to benefit people, planet, and profit? How can we collaborate to build and scale-up locally-relevant sustainability initiatives? What roadblocks stand in our way? How can we clear those hurdles to do more to enhance our local economy and environment? Can we leverage the region's uniqueness and natural diversity in the marketplace, and vice versa?

Locally-relevant topics discussed included:

- Industry sustainability update and trends
- Self-assessment initiatives
- Performance-based initiatives
- Certification programs
- Other sustainability tools and initiatives
- Regional projects

Sustainability Initiatives Overview

Over the past decade a growing number of public and private initiatives and tools have been developed to ensure our food and beverage production system can sustain itself and meet the needs of our changing world. To address the social, economic and environmental issues impacting the Monterey Bay region, a number of programs, tools and initiatives stood out as being most relevant to our local agricultural industry. Below is a brief overview of the types of sustainability efforts that provided a foundation for discussion during the industry workshop.

Self-Assessment Initiatives

Self-assessment programs are designed to be voluntary and allow participants to complete an accompanying assessment (questionnaire). Self-assessments can be practice-based, performance-based, or a combination of both. Typically, these programs are used by grower-oriented trade associations to collect grower responses to crop-specific practice questions across a number of management areas such as water, energy, pests, nutrients, human resources, etc. Programs vary in their geographic focus from regional to statewide to national in scope. Growers complete assessments over multiple seasons to see how they are progressing along the sustainability continuum. Associations use the data to monitor industry progress over time through benchmarking of aggregate data and using that information for industry-level communications with the market and policy makers. Assessment results also drive targeted education and research opportunities.

Workshop participants shared their experience with a number of well-established self-assessment programs including the California Sustainable Winegrowing Program (Information about SWP is available at www.sustainablewinegrowing.org), and the California Almond Sustainability Program (Information about CASP is available at www.almondboard.com/growers/sustainability/Pages/Default.aspx), United Fresh Produce Foundation's Sustainability Guide and Self-Assessment for Fruit and Vegetable Production for individual companies to use (More information about sustainability at United Fresh is available at www.unitedfresh.org/programs).

Performance-Based Initiatives

Performance-based tools and programs are relatively new in the sustainability program landscape. The metrics-oriented programs and initiatives are introducing quantitative performance metrics that can be used to measure water use efficiency, nitrogen application,

energy efficiency, greenhouse gas emissions and other resource usage. The goal of these programs is to track performance over time to drive continuous improvement and innovation at the individual operation level as well as providing growers the ability to compare their performance against their peers. Programs are also including other members of the agrifood supply chain such as shippers, processors and distributors with performance measurement tools. Retailers and foodservice companies are easing into understanding product level sustainability where metric data is being requested from suppliers. The addition of performance metrics to practice-based programs is a next step in the evolution of sustainability programs.

Workshop participants shared their experience participating in the development of and using metrics tools such as the Stewardship Index for Specialty Crops (Information about SISC can be found at www.stewardshipindex.org) and Performance Incentives for Conservation in Agriculture (Contact Lisa Lurie with the Resource Conservation District of Santa Cruz County for more information, llurie@rcdsantacruz.org).

Certification Programs

Certification programs differ from the voluntary self-assessment programs in that they use a standard consisting of prescribed practices and in some cases, metrics to certify a certain level of performance. Growers must score above a certain threshold level in order to be certified by a third-party auditor and certification body. Certifications are most widely used for eco-labels and food safety programs.

Workshop participants shared their experience with certification programs including Sustainability in Practice (Information about SIP Certified wines available at www.sipcertified.org) and Certified Organic (More information about the National Organic Program is available at www.ams.usda.gov/AMSV1.0/nop).

Other Tools and Initiatives

Other tools and initiatives that were discussed include Western Growers ToolBox, Farmers for Water Quality and On Farm Solutions, and the Agricultural Water Quality Alliance (AWQA). Western Growers is supporting the development of a Grower ToolBox, an online platform WG intends to be a one-stop water quality, food safety and sustainability data management service available to WG members (Contact Hank Giclas at Western Growers for more information, hgiclas@wga.com). On Farm Solutions is a Central Coast grower-supported initiative currently engaged in evaluating water quality practice efficacy and facilitating information sharing and adoption amongst its members (Contact Abby Taylor-Silva with the Grower-Shipper Association, abby@growershipper.com). The AWQA has been a long-standing collaboration amongst the agricultural industry, resource agencies, and nonprofits on the Central Coast (More information available at www.awqa.org).

Regional Projects

Two regional projects aimed at addressing complex water resource management issues facing the agricultural and natural resource communities in Monterey County were discussed during the workshop. Along the Salinas River, agricultural landowners and operators have been participating in demonstration projects as part of the Salinas River multi-benefit floodplain management approach (Contact Jennifer Biringer with the Nature Conservancy, jbiringer@tnc.org). In the Gabilan and other watersheds on the Central Coast, agricultural landowners have been collaborating in wetland research and restoration projects (More information available from the Central Coast Wetlands Group - ccwg.mlml.calstate.edu/projects/current-projects).

Strategic Opportunities

Challenges to Overcome

A number of major themes were identified by the group as key challenges that need to be addressed as part of any collaborative approach to advance sustainability.

Market and Regulatory Compliance

- Companies are focusing significant time, energy and resources toward complying with water quality regulations right now. Meeting buyer sustainability requests is not as pressing an issue compared to regulatory problems being addressed and taking up staff and service provider focus and time.
- Buyer sustainability questionnaires and programs are creating additional burdens for operations. Companies are being asked to complete an increasing number of buyer sustainability/social responsibility questionnaires, but receiving little to no value from these efforts.
- The marketplace is not necessarily asking for balanced values (people, planet, profit), and purchasing decisions and supplier contracts are still heavily focused on product cost, quality and yield.
- National sustainability standards being developed will add another layer that is not consistent with what is currently in the marketplace.

Program Design and Core Elements

- Certifications were viewed as costly, may dilute individual brands, and occupy a relatively small niche in the marketplace. While certifications play a role in the marketplace, caution was raised that certifications can hinder continuous improvement and are very burdensome to obtain.
- Prescriptive initiatives constrain individual action and limit innovation and change over time.
- Large or extensive questionnaires can be overwhelming at first, and are particularly challenging when they focus on farm-level activities.
- Companies operating in this region also grow and ship throughout the U.S. and internationally, so the global context must be taken into account for any broad sustainability efforts.

- Regionally-based approaches can enhance a broader initiative and local agricultural community leadership is needed to drive any effort.

Data Collection, Confidentiality, and Information Sharing

- At the farm-level, there is resistance to data sharing, and requests for data are largely viewed as invading privacy and company trade secrets. Extrapolating production costs from metrics data is of particular concern.
- There is a general concern that any proactive initiatives and information sharing will be used to develop more regulations on the industry.
- The value of sharing information to drive innovation and demonstrate what is being done well, is not broadly recognized across the industry.
- Many operations are limited by not having adequate protocols and record-keeping tools to track and demonstrate success.
- Current lack of a confidential data and information sharing platform for industry is limiting.

Value and Opportunities

In light of the challenges and concerns discussed above, a number of possible solutions and opportunities were identified through the group discussions.

Market and Regulatory Compliance

- There is a desire to take a proactive approach with buyers to talk about sustainability and demonstrate to them what the produce industry is doing in the sustainability area.
- It is important that any program or initiative help growers comply with regulations, provide regulatory relief, or reduce the overall cost and burden associated with regulations.
- A number of participants were interested in other incentives beyond compliance that a broader sustainability program could support (e.g., ecosystem services, insurance premium reductions).

Program Design and Core Elements

- Voluntary self-assessment programs were favored over certifications by the group.
- Value was seen in practice-based programs to share information and help drive innovation, yet performance-based programs were of interest to track, measure and demonstrate progress.
- Key program elements identified by participants include: 1) that it be industry-led; 2) be updated regularly to take into consideration new science, technologies, and changing needs of the industry and community; and, 3) integrate or align with existing data and documentation requirements.
- Sustainability is about continuous improvement and programs or initiatives need to encourage change and innovation to benefit people, planet and profit.
- The sustainability efforts of an organization must be supported by top management and best lead by someone with broad understanding of sustainability and able to engage the organization broadly.

Data Collection, Confidentiality and Information Sharing

- It was broadly recognized that it is more comfortable to share quantitative information about change and improvements (e.g. percent reductions), as opposed to the raw data directly.
- Greater awareness is needed across the industry on the value and importance of information sharing (e.g. to allow industry to be proactive not reactive, to learn from peers and keep from “recreating the wheel”).
- It was recognized that a confidential, common information/data digital platform would be needed to facilitate data capture and sharing.

Strategic Opportunities

There is clear desire amongst participants for the agricultural industry to come together and take a proactive lead in sustainability. There are increasing sustainability/social responsibility initiatives coming from buyers, yet in most cases, the buyers themselves are still in the process of developing their programs for the agricultural supply chain. There is a window of opportunity for the agricultural industry to come together to help drive and create the vision of sustainability. This vision can create a working model to meet grower’s diverse needs, facilitate marketplace and consumer education, and show others how it can be done.

The Monterey County Sustainability Working Group is an established network of individuals and companies committed to sharing ideas and learning from each other about sustainability, and is a logical partner to help engage this conversation more broadly within the industry. Key industry associations that serve the growing community could also be in the position of playing a role to engage a broader conversation of sustainability. Associations serving the Monterey Bay region and the Central Coast are the Grower-Shipper Association (GSA), County Farm Bureaus, and Western Growers. Active commodity specific associations such as the California Strawberry Commission, Central Coast Vineyard Team, also have a role to play in the broader industry discussion as well to advance and promote sustainability within their respective commodity groups. Recent collaboration between MCSWG and GSA establishes a potential platform for the industry to engage further in this discussion here on the Central Coast.

Sustainability covers the broadest range of topics key to ensuring a sustainable future for agriculture, our community and environment. Any successful industry-wide initiative or program must include a clear vision of the key outcomes or value propositions to guide a program’s development. Once the overall program vision is agreed upon, there is a need to answer a number of questions and engage the right stakeholders to determine the program elements. First, you need to have a clear understanding of what the group needs and wants to accomplish out of the program. Then you need to identify who the players are and what is already happening. Lastly a clear understanding is needed of the status and availability of existing resources and tools and those that may be under development.

Using water quality as an example, one clear need from a program would be to ease compliance requirements and provide regulatory relief for the agricultural industry. There are a number of groups and organizations already actively working to address water quality issues in the region that would need to be at the table. There are also many different tools and resources being

developed to help growers measure and improve water use, nutrient use, and overall water quality that would be more readily accessible and therefore hopefully more widely used. Since so much of the activity surrounding water quality is geared to meeting regulatory requirements, a broader sustainability framework will also serve to unite the regulatory activities with other important, inter-connected issues such as habitat protection and enhancement, risk management and water supply, and more.

The value of a broader sustainability program for the industry would be to bring together the various groups, initiatives, and tools in a way that optimizes value, reduces redundancy, and drives efficiencies for the industry. An industry-led sustainability program would also serve as a platform to proactively discuss issues within the agribusiness community and to communicate with buyers and the marketplace, policy makers, regulators, political leaders, employees, activists, and the local community.

Recommendations for Next Steps

Support the continued development and expansion of existing tools and initiatives

- In light of the group's interest and support for performance-based initiatives, an emphasis should be placed on increasing industry participation in SISC case studies and internal usage of SISC metrics and the PICA program on the Central Coast.
- Western Growers was an original partner with SISC and has more recently invested in its grower ToolBox to provide tools to its membership to provide data management and analytics addressing food safety, water quality, and critical sustainability concerns confronting the industry. Given the broad commodity and geographic interest covered by WG members, the WG Toolbox will be a key initiative supporting the evolution and development of industry sustainability initiatives.
- The local and regional partnerships to restore and establish wetlands, riparian floodplain conservation for habitat and flood mitigation, as well as to identify effective technologies to improve water quality, will fit well into the development of any collective sustainability initiative. Growers that have been engaged with these projects are important spokespersons within the industry to encourage increased participation and ensure they continue to evolve to identify areas of win-wins.

Improve coordination amongst industry groups, resource agencies, and nonprofits

- The most successful examples of sustainability programs are industry-led and are often spearheaded by commodity-based or other industry associations. One of the challenges (and opportunities) on the Central Coast is the number of different industry groups and nonprofits that actively serve the agricultural community. Recently the MCSWG and GSA have started to collaborate to foster sustainability information sharing and provide a critical industry network to advance sustainability. This collaboration creates an ideal platform for the Central Coast produce industry to continue the conversation of sustainability, collaborate to expand current initiatives, and explore the development of an industry-led sustainability program. MCSWG/GSA could then potentially serve as a

liaison to coordinate with Western Growers, the Produce Marketing Association, United Fresh, and other industry associations with a broader geographic membership to address industry-wide sustainability needs.

- The Agricultural Water Quality Alliance (AWQA) is a vital network to foster and promote the voluntary, proactive collaboration between resource agencies, technical service providers, nonprofits, agricultural companies and associations, toward common water quality goals. In the past, AWQA enjoyed the broad participation of the agricultural industry through representation of the Central Coast Farm Water Quality Coalition. While the Coalition and a few company representatives are active in AWQA, there is the need for other industry associations and agricultural companies themselves to participate in AWQA to best leverage strengths and opportunities to advance common goals. Currently AWQA holds monthly meetings on the second Wednesday of each month, and industry members are encouraged to participate. While AWQA has regularly scheduled meetings, it would be worthwhile to convene a meeting focused on increasing industry participation and discussing interest and opportunities to work together to build, expand and promote sustainability/stewardship initiatives.

Educate buyers and consumers on agricultural conservation/sustainability efforts in our region

- There was a good deal of value and interest expressed by participants to be proactive with buyers to talk about sustainability and demonstrate what the produce industry is doing for sustainability. This idea has been discussed at the MCSWG as well, and it is worthwhile to pursue this idea. The MCSWG and GSA collaboration provides an excellent opportunity to continue this conversation. In addition, one of the core goals of formalizing and branding the AWQA network was to promote and educate about the good work AWQA partners are doing. Given the history of collaboration through AWQA and other innovative private-public partnerships happening on the Central Coast, there's an opportunity to collaborate on buyer as well as consumer/public education about agricultural sustainability.

Create a roadmap for the development of a collaborative sustainability program

- Given the high level of interest and participation in the workshop, and the general consensus amongst participants that a collaborative, proactive approach to sustainability is desirable, a timely next step would be to conduct a needs assessment and create a sustainability roadmap for the industry. A detailed assessment can: identify conflicting and complementary industry needs; highlight regulatory, market, environmental and social issues relevant to the region; identify key stakeholders and provide an understanding of the existing stakeholder landscape; evaluate and gauge the interest level of the broader industry in this approach; and outline a detailed strategy for stakeholder engagement and program funding models.

Appendices

1. Invitation Letter
2. Agenda
3. SureHarvest Overview Presentation



March 12, 2014

RE: Invitation to Participate in an Agricultural Industry Roundtable on Sustainability Initiatives – March 28th

Dear Industry Leader, Company Executive, and CSR/Sustainability Director:

Please **join** SureHarvest, your industry associations, and members from the Monterey County Sustainability Working Group – an industry-led network for sharing current sustainability efforts among agricultural producers, shippers and processors in the Central Coast region -- in a roundtable discussion. Together we will share experiences and discuss opportunities to build a stronger business case for widespread adoption of sustainability actions in our region.

As a **leader** in our industry and within your own company, you have unique insight and ability to truly influence change in the right direction. Help us chart the course to toward a collaborative, proactive and sustainable future for agriculture, our community and environment!

In a **future** with more people to feed, fewer resources, and less predictable weather, what initiatives and tools hold the most promise to benefit people, planet, *and* profit? How can we collaborate to build and scale-up locally-relevant sustainability initiatives? What roadblocks stand in our way? How can clear those hurdles to do more to enhance our local economy and environment? Can we leverage the region's uniqueness and natural diversity in the marketplace?

The **goal** for this meeting is to increase our collective understanding of the underlying business opportunities and challenges for key sustainability tools and initiatives. SureHarvest will capture and compile each initiative's potential benefits, outline broad strategic opportunities and identify collaborative next steps in a summary document.

Topics to be discussed include:

- Industry Sustainability Update and Trends (e.g. The Sustainability Consortium, Sustainability standard efforts)
- Performance Efforts (Stewardship Index for Specialty Crops, Performance Incentives for Conservation in Ag)
- Self-Assessment Programs (e.g. California Almond Sustainability Program, United Fresh's Self-Assessment)
- Certification Programs (e.g. Sustainability In Practice, Certified CA Sustainable Winegrowing, Fields to Ocean)
- Other Tools and Initiatives (e.g. OnFarm Solutions, Wetlands to improve water quality, Riparian floodplain enhancements to mitigate flooding, Western Grower's ToolBox, and more)

Friday March 28. 11 a.m. – 2 p.m. (lunch provided) at Grower-Shipper Association, 512 Pajaro Street, Salinas.

Sincerely,

Melanie Beretti

RSVP or questions to Melanie at mberetti@sureharvest.com or 831-262-1199

Thanks to the Water Resource Project Coordination subcommittee of the Integrated Regional Watershed Management Program grant for funding this gathering!

Today at a Glance

11:00 – 11:15	Welcome
11:15 – 11:35	Sustainability Trends
11:35 – 12:15	Initiatives Overview
12:15 – 12:30	Break/Lunch
12:30 – 1:15	Roundtable Breakouts
1:15 – 1:45	Group Discussion
1:45 – 2:00	Next Steps

We will wrap at 2:00 sharp!

Agricultural Industry Roundtable on Sustainability



March 28, 2014
11 am – 2 pm
512 Pajaro Street, Salinas, CA



SUSTAINABILITY FROM THE GROUND UP

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SUSTAINABILITY FROM THE GROUND UP

Thanks to...



Water Resource Project Coordination
subcommittee of the Integrated Regional
Watershed Management Planning grant



Thanks to Monterey County Sustainability Working Group
members, Western Growers, and Grower-Shipper Association



SUSTAINABILITY FROM THE GROUND UP

Goal

*...build a stronger business case for widespread
 adoption of sustainability initiatives in our region...*



SUSTAINABILITY FROM THE GROUND UP



SUSTAINABILITY FROM THE GROUND UP

Let's consider...

How to collaborate to scale-up sustainability initiatives?

What are roadblocks?

How can we clear those hurdles for win-win-win?

Can we leverage region/efforts in marketplace?

Can we leverage the market trends for our region?

 SUSTAINABILITY FROM THE GROUND UP

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Industry Sustainability Update and Trends

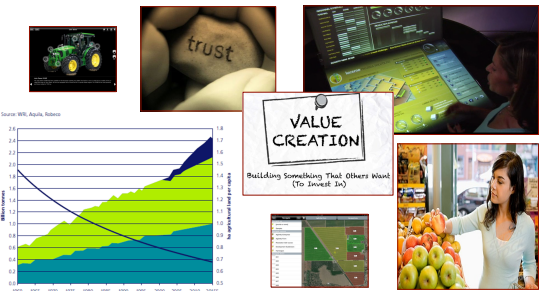


Andrew Arnold
Sustainability Senior Associate
SureHarvest
aarnold@sureharvest.com




 SUSTAINABILITY FROM THE GROUND UP

Sustainability Trends in Agribusiness



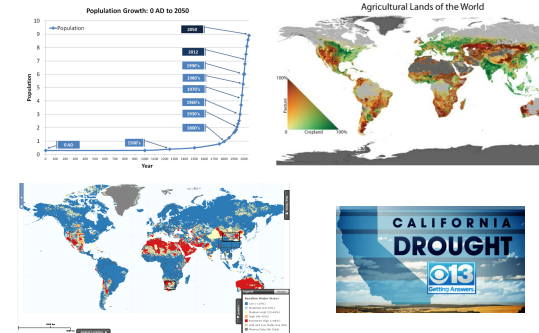
Source: WRI, Aquila, Deloitte

 SUSTAINABILITY FROM THE GROUND UP

Big Picture

- 9 Billion people by 2050...increasing every day
- Resource constraints – more with less
- Impact on agrifood supply chains – risks


“More with Less”



Population Growth: 1950 to 2050


Agricultural Lands of the World

CALIFORNIA DROUGHT

 SUSTAINABILITY FROM THE GROUND UP

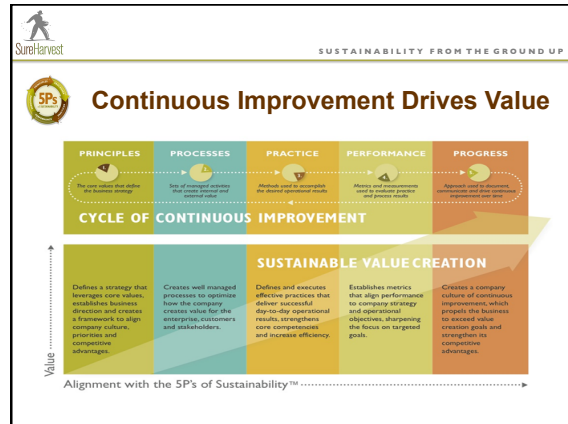
California Context

- Water availability
- Water quality
- Land availability
- Labor
- Climatic uncertainty
- Other?



SureHarvest SUSTAINABILITY FROM THE GROUND UP

1. Sustainability Being Embedded into Overall Strategy
2. Greater Emphasis on Value Creation
 - Reduce Costs
 - Grow Sales
 - Manage Risks
 - Enhance Brand
3. "More with Less" is Becoming a Need to Have not a Nice to Have
 - Real Resource Constraints (e.g. water, land, etc.)
4. Trust and Transparency More Important than Ever



SureHarvest SUSTAINABILITY FROM THE GROUND UP

The Initiative Landscape

- Self-Assessment Programs
- Performance-based Programs
- Certifications
- Buyer Programs
- Government Programs

SureHarvest SUSTAINABILITY FROM THE GROUND UP

Regional Initiative Landscape

- OnFarm Solutions
- Wetlands & water quality
- Riparian areas & flooding

SureHarvest SUSTAINABILITY FROM THE GROUND UP

Specific Initiatives Discussion