



Opportunities and challenges in the organic and natural market

World Spice Congress
February 2016



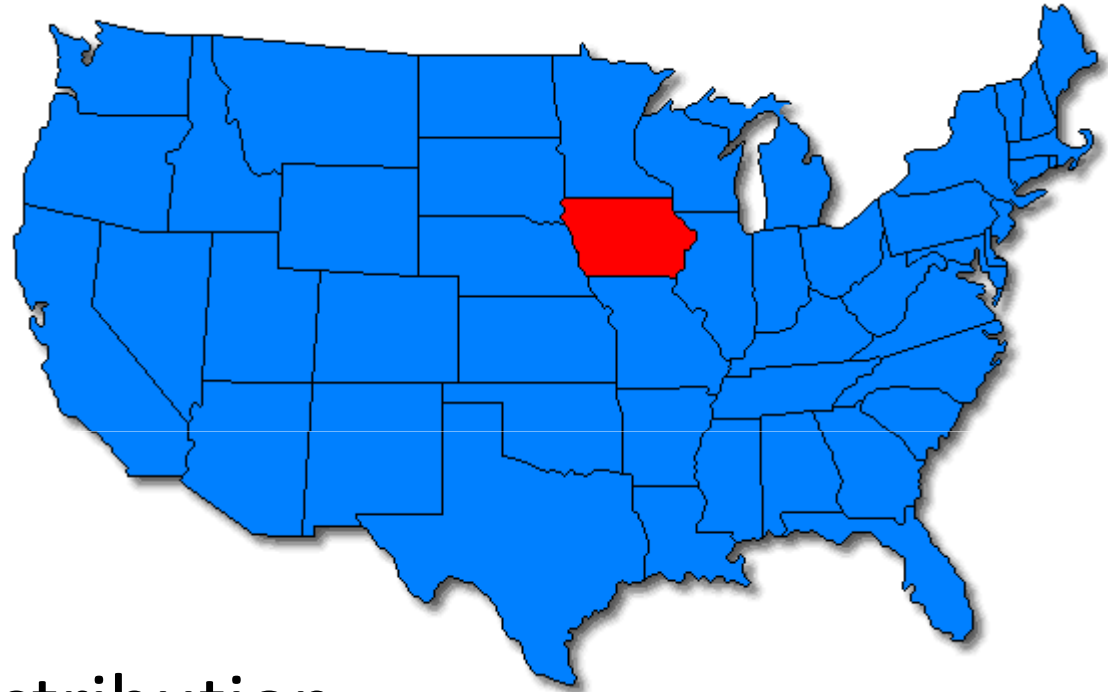
WE'RE A MEMBER-OWNED CO-OP RESPONSIBLE TO PEOPLE AND PLANET.

Summary

- Company background
- Brands and products
- Growth trends and drivers
- Supply chain challenges
- Who will benefit from opportunities

Company background

- Founded 1976
- HQ in Norway, IA
- 550 employees
- 4 facilities
- 2,000 products manufactured
- US & Canadian distribution

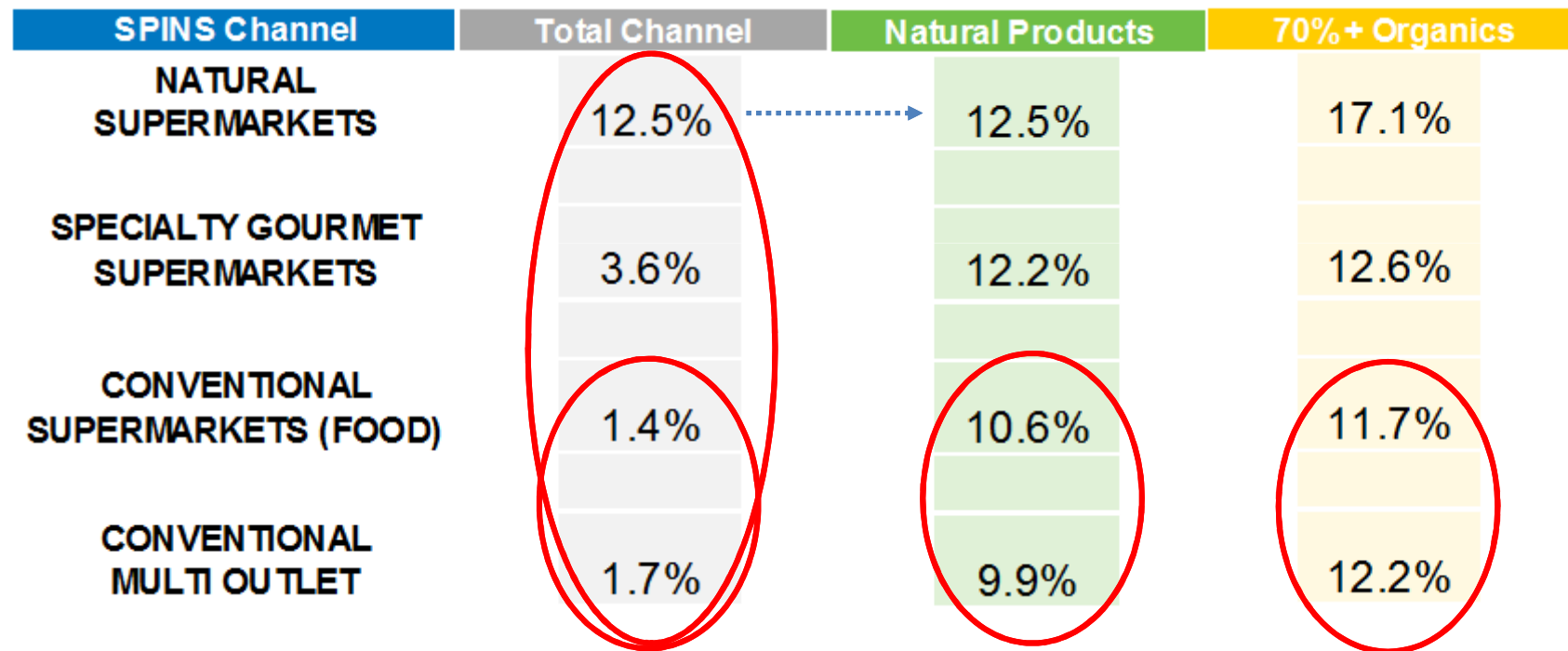


Brands and products reflect our values

Mission: “Nourish people and planet. Always be fair.”

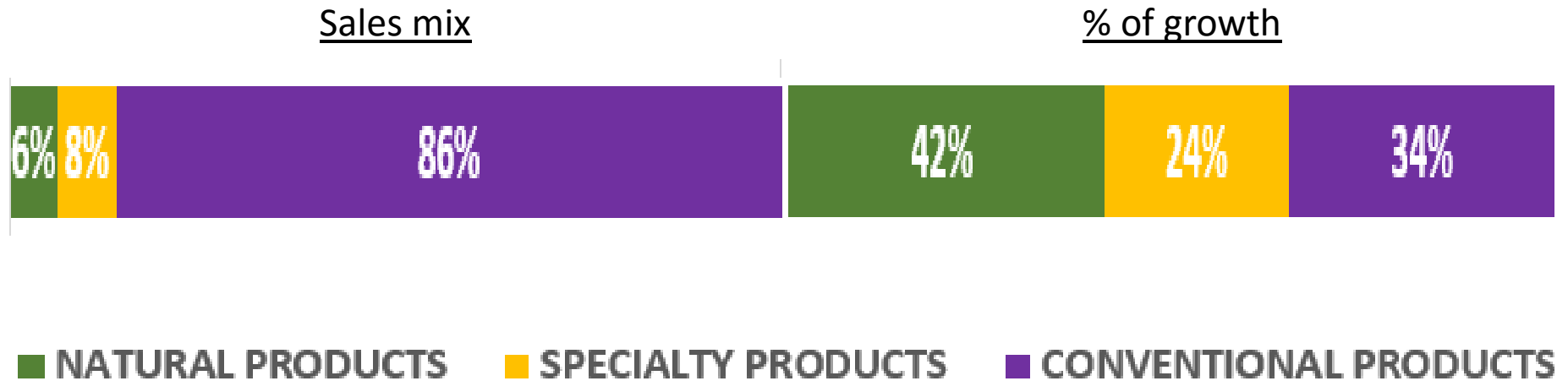
- Cooperative structure - 45,000 members
- “Impact sourcing”/ investment in supply chain
- Organic and fair trade
- Non-ETO and non-irradiated
- Sustainable manufacturing initiatives

Natural and organic sales continue to outpace total channel sales



Source: Spinscan/IRI \$ sales growth, 52 weeks ending Dec 31, 2014

Natural/ organic fueling grocery growth in multi-outlet conventional channel



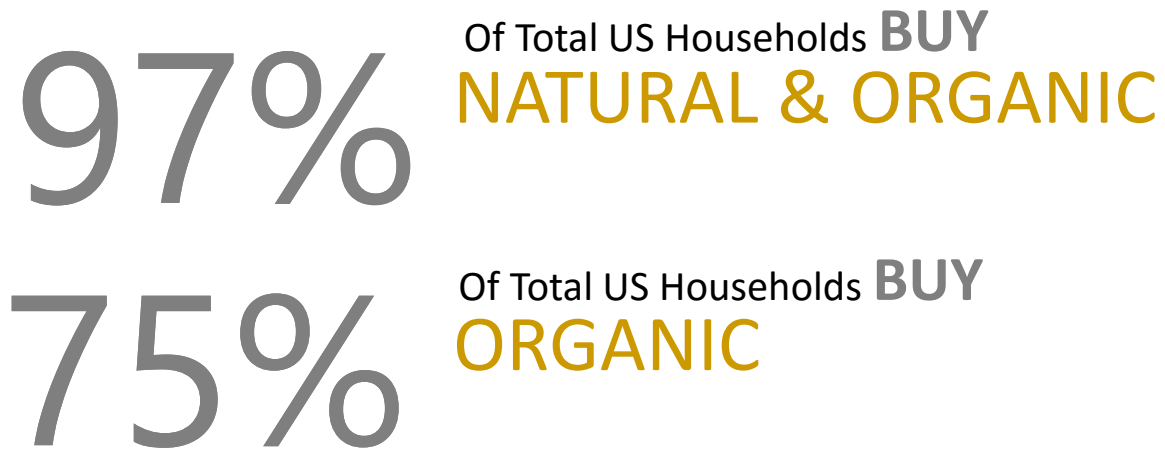
Total Multi-Outlet Conventional Channel Retail Dollar Sales
52 Weeks Ending 10/4/15

*Alcohol and OTC Meds excluded from chart and represent \$56.4M of total channel sales



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Growth driver: nearly every household buys 'natural & organic' and most buy 'organic'



Percent of Total US Households Buying
Based on Actual Consumer Purchase Behavior

Organic defined as 70%+ organic content

Source: SPINs Natural Link



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For companies like Frontier Co-op
this is great news

but...

FRONTIER[®]
CO-OP
MEMBER OWNED SINCE 1976

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Supply chain challenges

- Volumes
- Quality
- Food safety
- Pesticide residues
- Climate change/ harvest cycle changes

Risk management strategies

- Investing in our quality and food safety infrastructure
- Identifying responsive trading partners (shifting from non-responsive)
 - Transparency
 - GFSI
 - Validated pasteurization
- Investing in partners' ability to manage risks
- Diversifying geographic focus

The bottom line

- Huge, sustained opportunities for organic suppliers in the US market
- To tap opportunities responsiveness to challenges a must
- With demand growth, suppliers who rise to the occasion should see support from buyers

Thank you