

Egg Industry Issues Forum

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Beyond The Global Food Safety Initiative: What's Next? –

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***ISO 9001: 2008 certified
company located in
Urbandale, Iowa***



**Formerly a part of
Validus Services**

***We are full service with the ability to
provide program development,
consulting and training to ensure
farm production practices meet or
exceed consumer and brand
expectations in the marketplace.***



Validus Ventures Divided into 2 Companies with 2 Distinct Responsibilities

Validus Verification Services

- **Audits**
 - Validus Proprietary Audits
 - Animal Welfare
 - Environmental
 - Worker Care
 - Traceability
 - Company Propriety Audits
 - Industry/Association Proprietary Audits
 - Animal Welfare Investigative Audits
 - Safe Quality Food (SQF)
 - Safe Feed/Safe Food

Praedium Consulting Services

- Development of standards and measurable audits or verifications
- Development of Company Sustainability Programs and Plans
- Consulting
 - HACCP plan development and training
 - Safe Quality Food plan development and training
- Certification training for auditors in the areas of ISO auditing principles, HACCP



***Beyond The Global
Food Safety
Initiative:
What's Next? –***

***Let's see how the world
has changed***

Consumers have changed

- Fifty years ago the average consumer still had a direct “connection” to agriculture.



- The vast majority of Americans are at least four generations removed from the farm.

Not the Case Today

- According to the Census Bureau:
 - About 75% of the U.S. population is urban
 - 25% live in the 50 largest cities
 - 10% live in the 10 largest cities

(taken from the 2010 National Census)



- Consumers have little understanding of agriculture production and a general lack of trust in many agricultural practices.

Agriculture has Changed

- 1950
 - Farmers = 12.2% of labor force.
- 2010
 - Farmers are less than 2% of U.S. population.
- Today's farmers produce 262 percent more food with 2 percent fewer inputs (labor, seeds, feed, fertilizer, etc.), compared with 1950.
- Seven times more meat is produced than in the 1950's.
- Today's American farmer feeds about 155 people worldwide. In 1960, that number was 25.8.



Most Consumers Still Have A Romanticized Image Of The Farm



← Dairy cows grazing peacefully on green pasture



← Pigs wallowing in a mud hole on a hot summer day



← Chickens running freely about the farm yard

Agriculture Today



Today's Consumers...



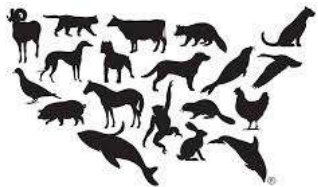
- Are changing their attitude towards the American farmer and agriculture:
 - *Factory Farms - Genetically modified - Drug residues - Cruelty*



- Are questioning agricultures' production systems and practices:
 - *Cages - tail docking – castration – dehorning – hormones -- beak trimming*
- Consider morals and ethics the most important factor when addressing agriculture production practices.



- Can watch events around the world as they are happening, anywhere they happen to be, on their cell phones, computers, televisions.



- Can communicate almost anywhere in the world instantly.



- *“The one person who is in charge today, the real competitor in the market place, is the consumer. They are more empowered today than ever before and its because of that we are shifting into their world of demand.”*
- *“Consumers and their demands are in charge of business.”*
- *Frito Lay’s senior Vice President and Chief Marketing Officer at Snaxpro 2014, Dallas Texas*

Consumers Will Require Even More Detail in the Future



- Science alone will not prevail--It is not persuasive in a values-based culture.



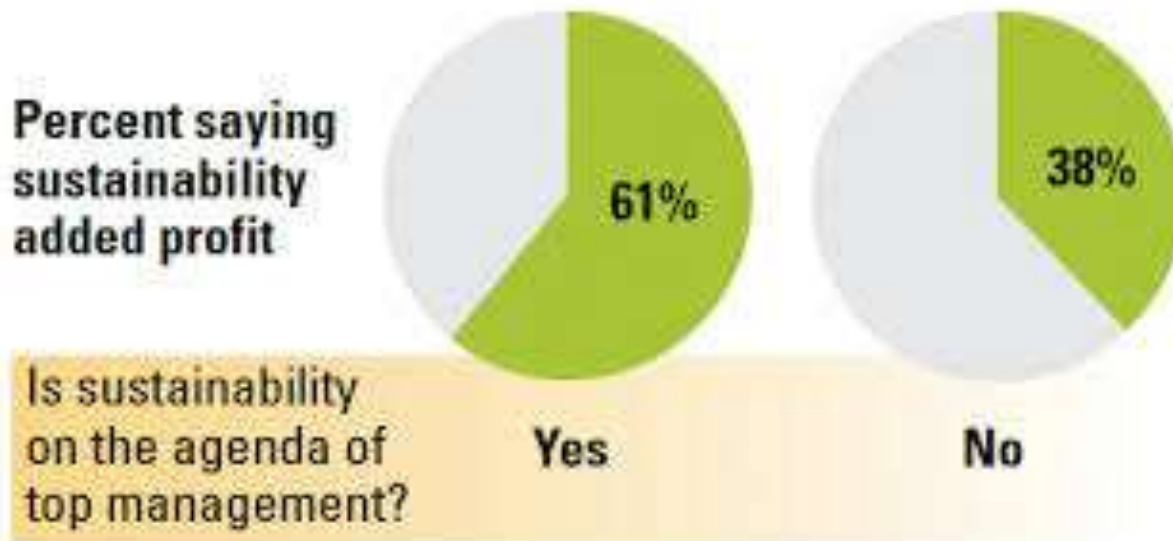
- Socially responsible production attributes are being embraced by more of the supply chain every day.



- Companies will have to provide proof that they are socially responsible.



Is Sustainable Sourcing a Fad?





Praedium™ **MIT Sloan Management Review
& The Boston Consulting Group**

- Companies that perceive sustainability issues as significant and thoroughly address them share distinct characteristics. For example:
 - More than 90% have developed a sustainability strategy, compared to 62% among all respondents.
 - 70% have placed sustainability permanently on their top management agenda, compared to an average of 39%.
 - 69% have developed a sustainability business case, compared to only 37% of all respondents

Two Types of Companies

- “Walkers” — companies that “walk the talk” by identifying and addressing significant sustainability concerns.
 - Addressing significant sustainability issues has become a core strategic imperative that these companies view as a way to mitigate threats and identify powerful new opportunities.



photo (c) Alex Wild



“Talkers,” on the other hand, are equally concerned about the most significant sustainability issues, but address those issues to a far lesser degree.

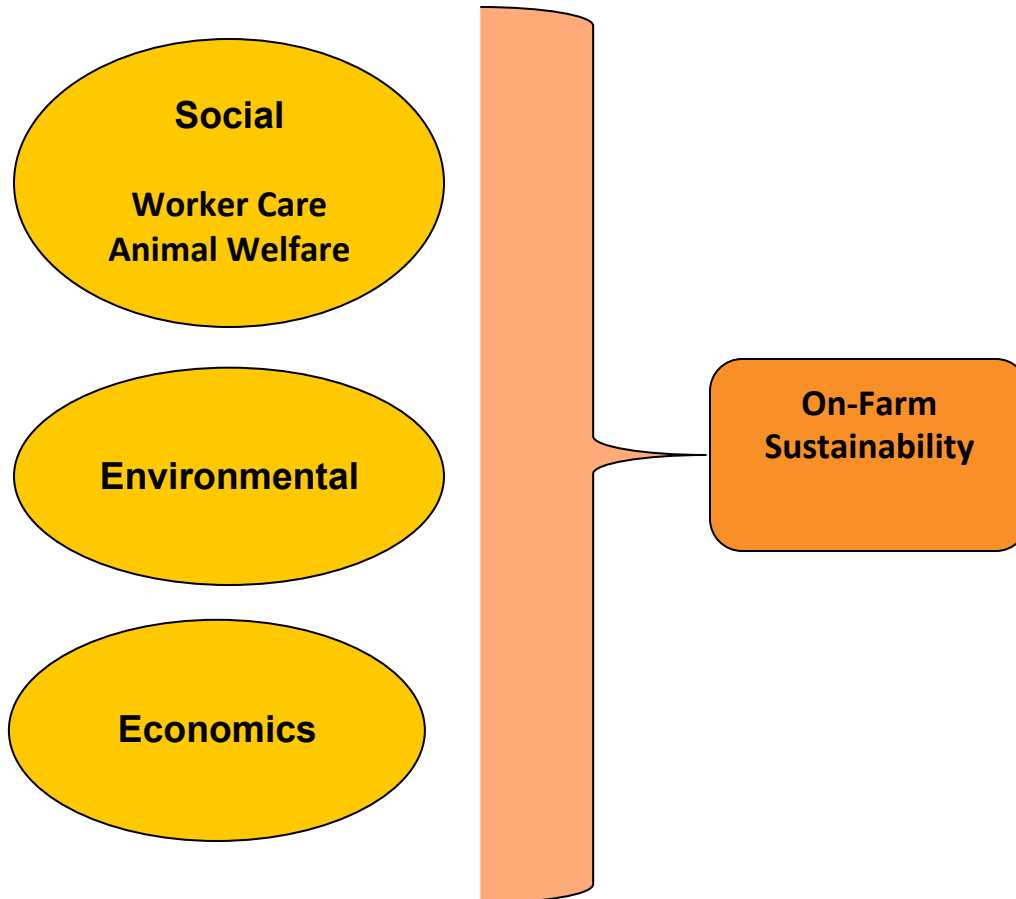
What is Sustainable Agriculture?

Sustainable Agriculture Initiative Platform

- *Sustainable agriculture is the efficient production of safe, high quality agricultural products, in a way that protects and improves the natural environment, the social and economic conditions of farmers, their employees and local communities, and safeguards the health and welfare of all farmed species."*



Elements of a Sustainable Sourcing Program



Sustainability means showing you care for humans and animals on the farm, the environment, the safety of products produced on the farm, and the economic and business planning activities of your operation.

Top Three Sustainable Sourcing Issues

- Social issues

- Worker Care

- Health and well-being of employees
- Community
- Customers

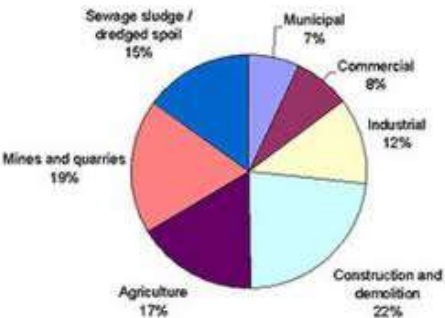
- Animal Welfare

- Cages
- Beak Trimming
- Antibiotics



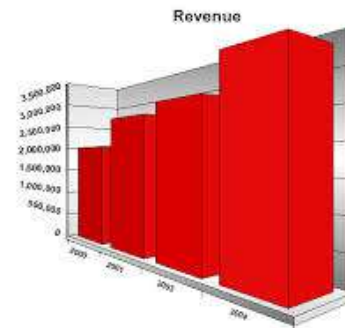
- Environmental issues

- Energy efficiency
- Pollution
- Waste Management



- Economics

- Competitiveness
- Market pressure
- Revenue growth.



Sustainable Sourcing— Fad or Long Term Reality?

- Consumers have strong concerns about environmental and social issues on the farm and think about them for some of their purchases
 - CO2 emissions, Pollution , Over-use of resources, Animal Care, Human rights
- 79% indicated that a company offering products and services with low environmental and social impacts would be more likely to win their loyalty.
- Two out of every three consumers consider social and environmental assurances to be important in developing loyalty.
- Unfortunately, there is a mismatch between what consumers expect businesses to do on sustainability and their perception of what is being done.
- According to consumers, the single most frustrating aspect of trying to be more socially and environmentally responsive is the lack of objective and trustworthy information to help them decide which products or services have less environmental and social impact.



You Decide:

Fad or Long Term Reality?

- Aren't you using a number of sustainable practices in your operations today?
- Consumers are beginning to demand it.
- It is on the agenda of 61% of companies top management today.





Questions